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FORTUNE

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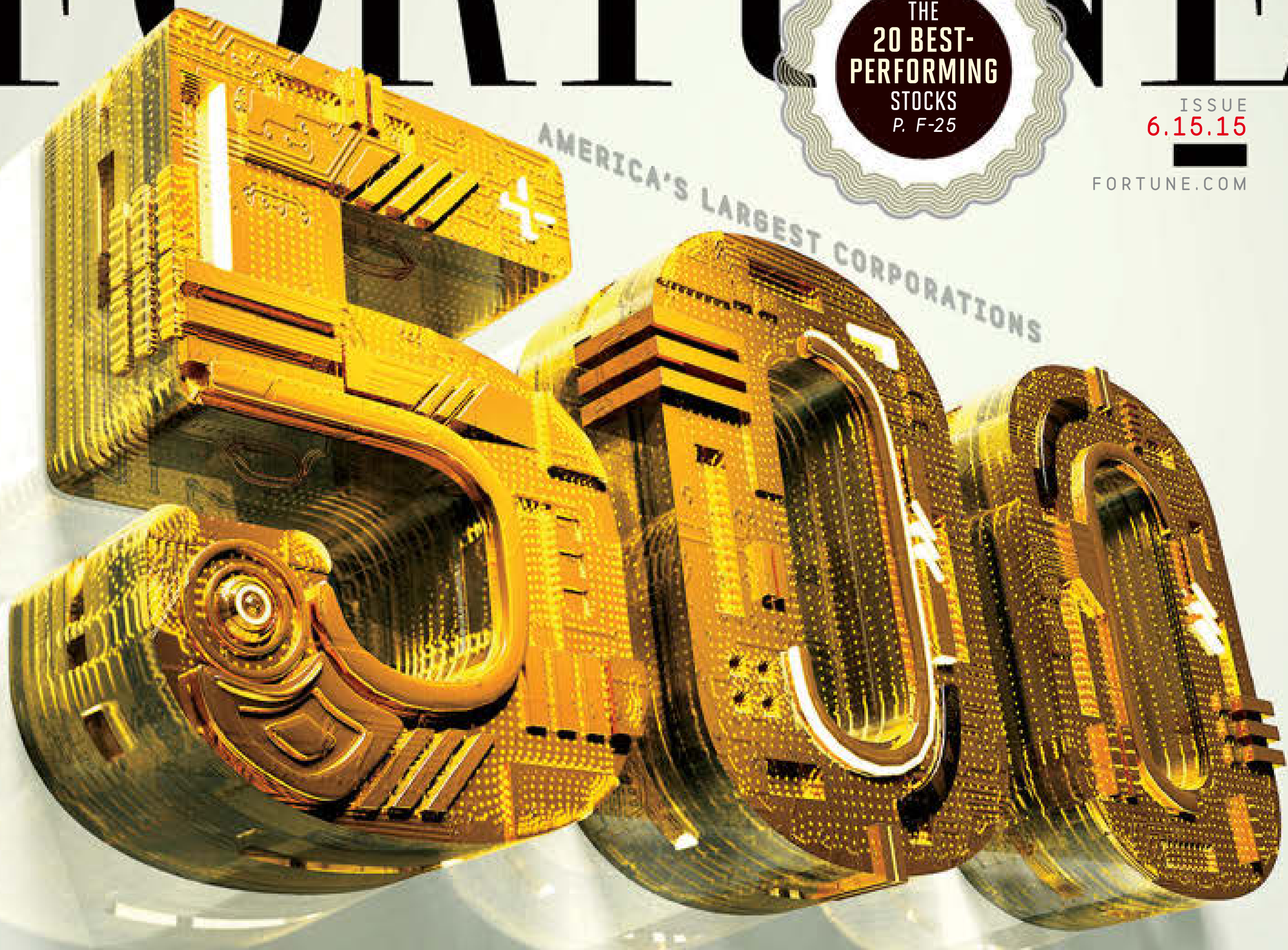
ISSUE 6.15.15

FORTUNE.COM



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SCOTT STEINBERG

MASTER OF INNOVATION

According to **Scott Steinberg**, leading business strategist and innovation consultant, the runaway success of food trucks can teach us all valuable lessons on growing a business and being innovative. Here are a few of his favorites.

1 Emphasize Your Assets

"Food trucks used to be known as roach coaches until a few crafty chefs unlocked their potential by taking advantage of their low overhead and mobility."

2 Spread the Word

"The food trucks were expert at tapping into social networking to build buzz."

3 Be Bold and Flexible

"With so little at stake, they felt free to experiment and try new things, and if something wasn't working, they'd scrap it and try something else."

4 Say No to Negativity

"To stay innovative, you need to see opportunities where others see roadblocks, and don't concentrate on what you don't have but use what you do have."

It took years for Scott Steinberg to acquire his expertise so he could help your business boom, but you can easily master the way you bank in minutes.

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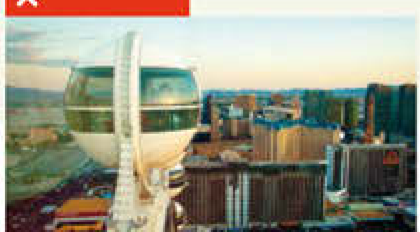
JUNE 15, 2015 VOLUME 171 NUMBER 8

148 VIDEO STREAMING ON FACEBOOK IS SUDDENLY SURGING.

THE ANNUAL

Fortune 500

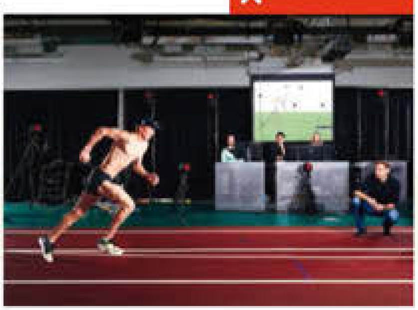


ON THE COVER: ILLUSTRATION BY SINELAB

THIS PAGE: FACEBOOK ILLUSTRATION BY EDDIE GUY

2015 *FORTUNE* 500

A DIESEL ENGINE MADE BY CUMMINS (NO. 154 ON THE *FORTUNE* 500)



289

THE LISTS

TRAIN: ANDREW HETHERINGTON; ENGINE: RYAN DONNELL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IT'S SIMPLE.
THE ANSWER IS SAP HANA.
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CORRECTIONS
"Sipping Pretty" (June 1, 2015) incorrectly stated that the Sauza brand was sold by the father of Guillermo Erickson Sauza. In fact, it was sold by his grandfather. In addition, a photo caption wrongly identified a bottle of Casa Dragones Joven (which retails for $275) as Casa Dragones Blanco.

FORTUNE DIGITAL

Leave the page and head to the screen:
Get more from *Fortune* on the web and tablet.

Meet the All-New Digital Fortune *500*

It's back and better than ever. You can find our legendary annual ranking of the largest U.S. corporations in this issue's pages, as you've been able to since 1955. But we're not stopping there. We've overhauled every *Fortune* 500 page on Fortune.com to include more data on each company. We've introduced sophisticated new tools that offer insight into how each made its, well, fortune. You can customize our list and use it in ways you never have before. And don't miss dozens of exclusive breakdowns of this year's list, which you'll find only on—where else?—Fortune.com.

New features:

SWOT ANALYSIS

What's Apple's biggest challenge? Merck's most formidable hurdle? The careful evaluation of a subject's strengths, weaknesses, opportunities, and threats has long been a critical tool of the business world. Now you'll find our SWOT analyses for the top 100 companies on Fortune.com.

CEO VIDEOS

Don't just take our word for it. To hear what industry's leading executives have to say—what makes their company tick, important trends they're watching, and the reasons behind their performance this year—we've placed videos right at the top of our new company pages. Just click.

MORE TOOLS

Which companies are led by a female CEO? Which are new to the list? How about those that are profitable? And what does the list look like when ranked by earnings per share? Break down this year's *Fortune* 500 in new ways with an expanded array of finely tuned tools that sort and filter.

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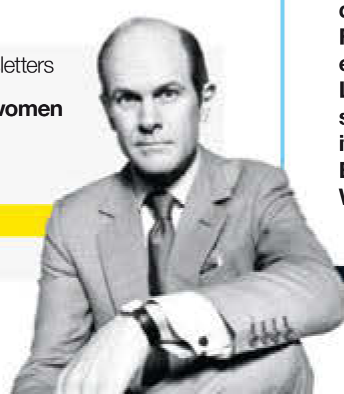
- *The Broadsheet* **Kristen Bellstrom on the world's most powerful women**
- *CEO Daily* **Alan Murray on the morning's must-reads**
- *Data Sheet* **Heather Clancy on the business of tech**
- *Power Sheet (coming soon!)* **Geoff Colvin on leadership**
- *Term Sheet* **Dan Primack on deals and dealmakers**



And That's Not All!

Which companies have been on our annual ranking since its debut in 1955? Which corporations have the coolest headquarters? We've tasked our talented team of writers and editors to break down this year's list even further, in dozens of ways, and publish their findings on Fortune.com. Here are some highlights:

1. Billion-dollar losers by Chris Matthews
2. Companies that missed the cut, by Ben Geier
3. The top ten—20 years later: Where are they now? by Tom Huddleston
4. The top stock performers by Jen Wieczner
5. *Fortune* 500, 2025 edition: our predictions by Erin Griffith

To follow the action on Twitter—or join the conversation—use
#FORTUNE500

One More Thing...

Tune in to The Chat, our all-new video show that features CEOs and other business leaders answering questions from viewers on Facebook. Assistant managing editors Pattie Sellers and Adam Lashinsky will encourage their subjects to share big ideas and tell it like it is. Their first guest? General Electric CEO Jeffrey Immelt. Watch: fortune.com/thechat.

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EDITOR'S DESK

Myth-Busting the *Fortune* 500

SIXTY YEARS HAVE PASSED since the first publication of the *Fortune* 500, which ranks the largest publicly held companies in the U.S. The list has become the iconic measure of business success. Companies flaunt their *Fortune* 500 rankings the way baseball players boast batting averages.

Much has changed in the intervening six decades, and at times we've changed with it. The globalization of business led us, in 1990, to launch the *Fortune* Global 500, which will be published in our August issue. And the rise of the service economy caused us, in 1995, to add service companies to the list of industrials.

Today's business environment raises new questions and highlights some old ones. With growing criticism of public markets, should we consider all privately held companies (Dell, Uber, Mars) for the list? Are profits or market capitalization better metrics of size (No. 1 = Apple) than revenues (No. 1 = Walmart)? Should the Global 500 replace the *Fortune* 500 as our flagship? And at a meta level, has technology made "bigness" the wrong goal?

We're pondering all those questions. But for now, we've kept the *Fortune* 500 in classic form. And we offer the following five facts, some of which—pardon us for saying so—may surprise you:

***Fortune* 500 companies are more important to the economy than ever before.** We live in the age of startups, right? Silicon Valley is the source of business dynamism, while "big" companies are bureaucratic, entrenched, obsolete.

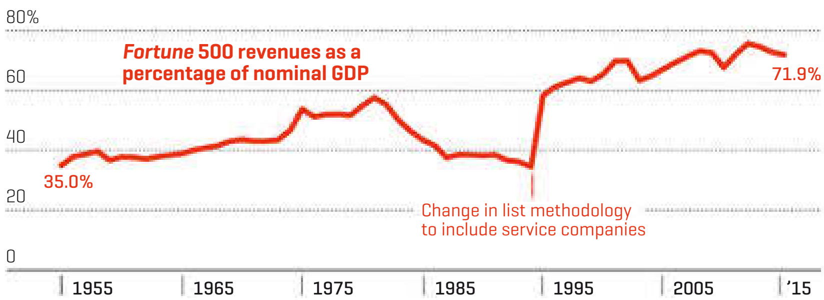
But here's a fact: *Fortune* 500 companies had revenues last year that equaled 71.9% of U.S. GDP—up from 58.4% two decades ago, and 35% in 1955. To be sure, much of that revenue comes from overseas operations. But these companies are still the guts of the U.S., and the global, economy.

We and others have noted that the logic behind these behemoths is changing. Ronald Coase won the Nobel Prize for his theory, developed three-quarters of a century ago, that giant companies were necessary because the "transaction costs" of building large industrial operations in the free market were too great. Since the onset of the digital era, however, those transaction costs have plummeted. You can now build a global business from your bedroom.

Yet a new logic—based on network effects and zero marginal costs of production—has led digital companies to achieve massive scale even faster than their industrial forebears—witness

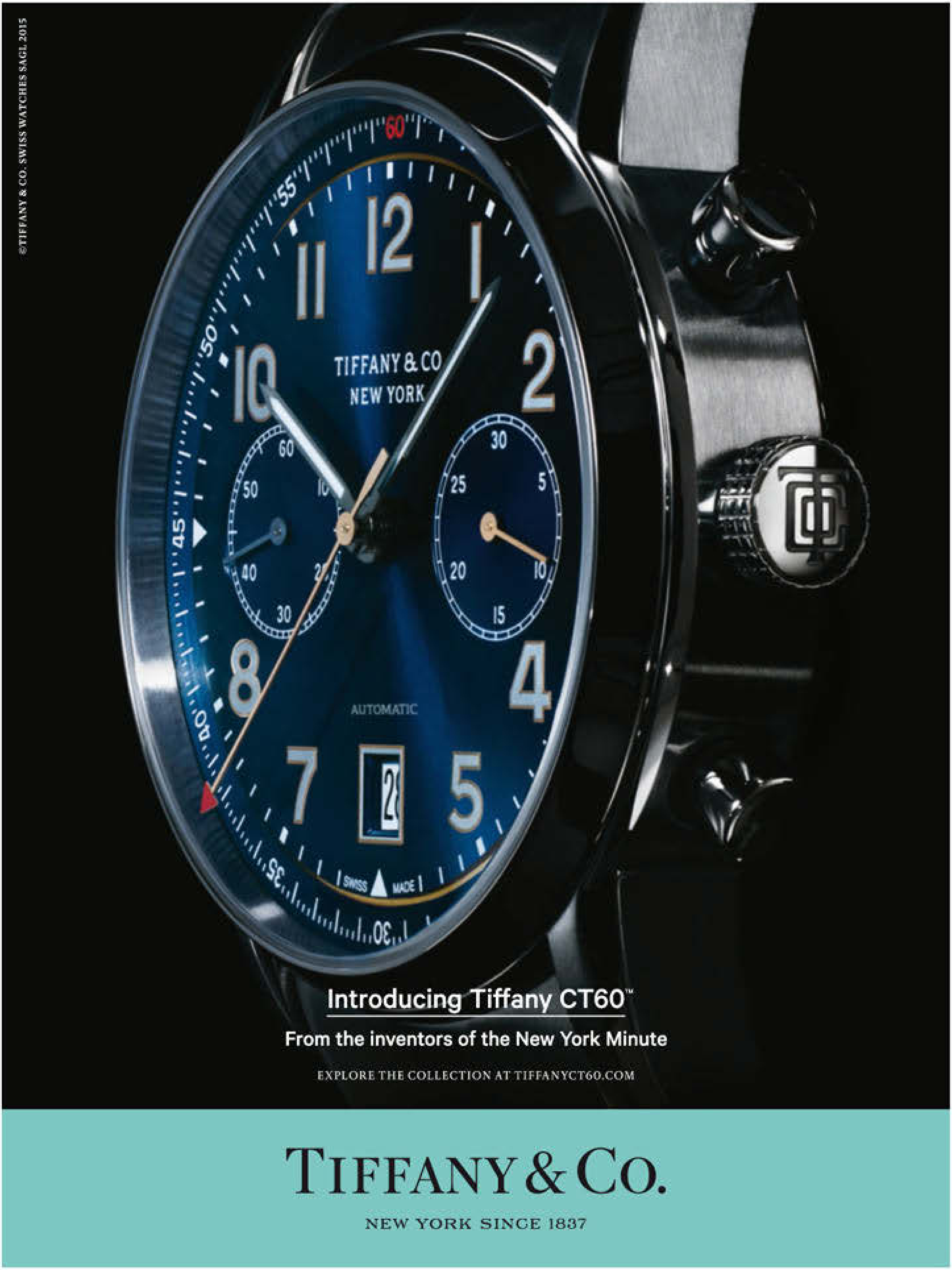
Size Matters

The economic clout of the *Fortune* 500, measured as a share of GDP, has risen in recent decades.



GRAPHIC SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS

PHOTOGRAPH BY WESLEY MANN



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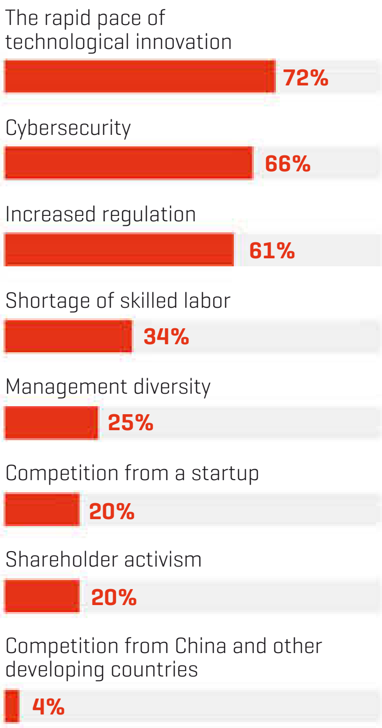
Greatest Challenge?

Technology was chosen as either the greatest, or one of the three or four greatest, challenges facing their companies by 72% of CEOs.



Google, Facebook, and the aforementioned Uber. Size still matters, even if for new reasons.

Rapid technological change is the greatest threat facing big business. This year, as part of our research, we sent a survey to all the *Fortune* 500 CEOs. One question we asked: What is your company's greatest challenge? "The rapid pace of technological change" topped the list, besting "cybersecurity" (a close second), as well as other popular business bogeymen, such as "increased regulation," "shareholder activism," and a "shortage of skilled labor." Moreover, a whopping 94% of those who responded said their companies would change more in the next five years than in the past five.

Today's CEOs clearly recognize that new technologies are going to radically change the way they do business. And they know they need to figure it out before their competitors do.

Despite the focus on change, "disruption" is overstated. "Disruption" may be the most used word in the business vocabulary these days. And it is certainly the 2015 favorite for business-book titles.

But actual disruption isn't as great as advertised. Sure, 57% of the companies on the 1995 *Fortune* 500 list aren't there today. But that record isn't dramatically different from the first two decades, when 45% of the companies on the 1955 list were gone by 1975.

Moreover, when we asked CEOs who their "most dangerous competitor" was, 57% said it was another *Fortune* 500 company. Only 20% cited competition from a startup, and only 4% cited competition from companies in less-developed countries, the purported sources of disruption.

***Fortune* 500 companies have no plans to shed workers.** The latest wave of technology, with its emphasis on artificial intelligence, has raised the specter of displaced knowledge workers and caused many commentators to wonder what jobs will be left for humans.

But for now at least, the CEOs of the nation's biggest companies harbor no doubts about the value of human capital. Fully 82% said they planned to employ more people two years from now than they do today.

***Fortune* 500 companies would prefer to be private.** The vast majority (84%) of CEOs who responded to the survey agreed with the statement: "It would be easier to manage my company if it were a private company." Frustration with the pressures of public markets is clearly on the rise. Surviving the new technological revolution requires long-term thinking and smart investment. But public shareholders, searching for better investment returns in a zero-interest-rate world, are demanding short-term results. Public-company CEOs are caught in the crosshairs.

In this issue, we present our latest *Fortune* 500 rankings. We also show you how some iconic companies—Walmart, Oracle, PepsiCo, Facebook, Union Pacific, Caesars, Cummins—are surfing the waves of change. We urge you to read it, and then put it on your bookshelf. You'll find it a useful guide throughout the tumultuous year ahead.

Special thanks to assistant managing editor Brian O'Keefe, who oversaw this issue, and to senior editor Scott DeCarlo, who wrangled the data.

ALAN MURRAY
Editor
@alansmurray

GRAPHIC SOURCE: SURVEYMONKEY


WELLS FARGO
COMMUNITY GARDEN
Little by little, we can all do a lot.
Wells Fargo invests in our communities a little differently. Because small, personal measures offer huge meaning for the people and communities we serve. And with every business, neighborhood and community supported, you'd be surprised how it all adds up to something bigger.
Sometimes a single kitchen can kick start a local economy with new businesses. A handful of seeds can sow a community garden of well-being. A single job can support thousands more. And the list goes on from there.
Last year we worked with over 17,100 non-profits and schools from the San Francisco Bay Area to Tampa Bay, donations that totaled more than $280 million. But offering a helping hand can also mean lending your own hand to a cause. So Wells Fargo Team Members volunteered nearly 2 million hours in their local communities last year.
Little by little we can all do a lot. Small is Huge℠
Visit wellsfargo.com/smallishuge.com to see how big small can be.
Together we'll go far
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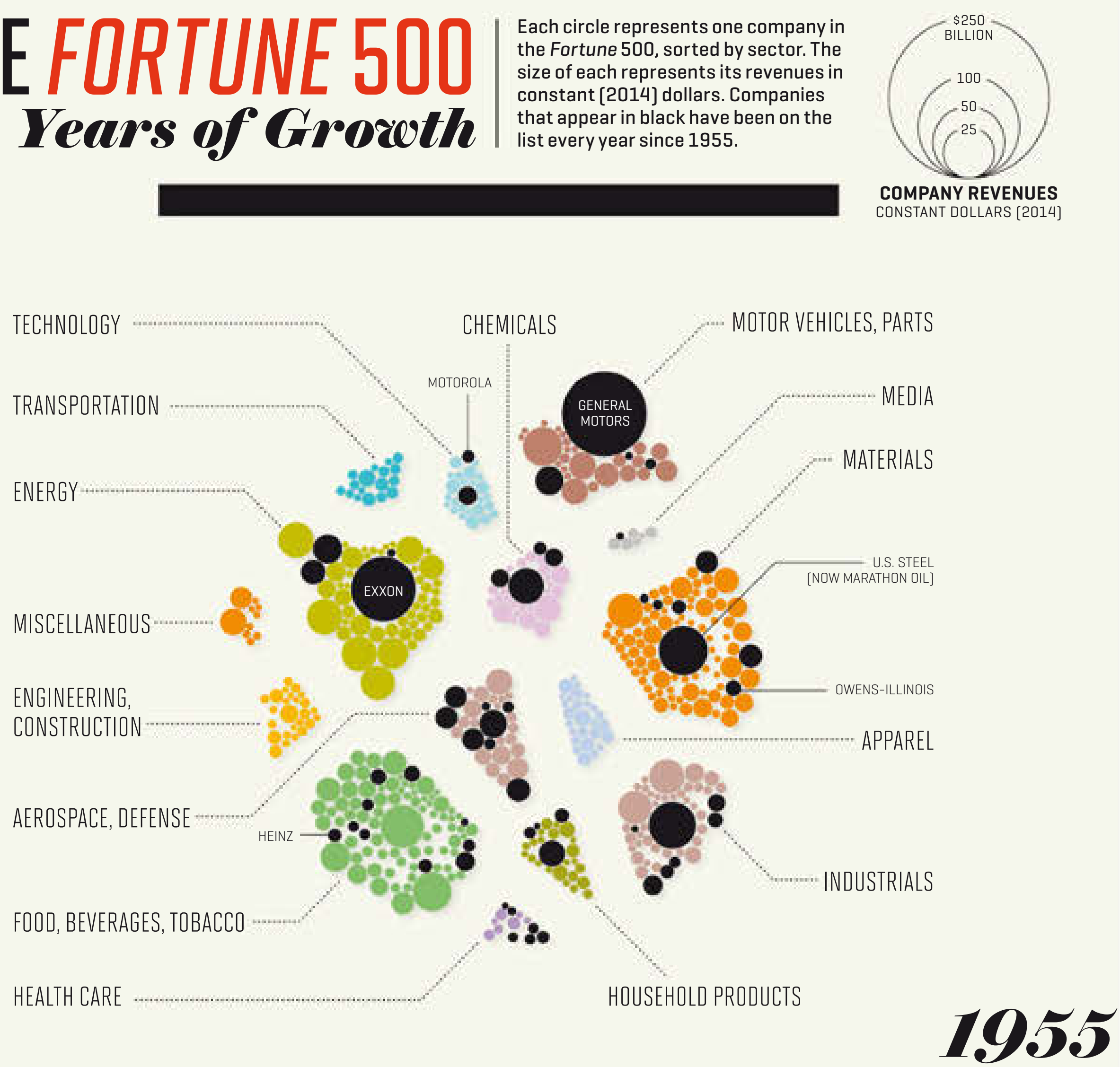
Macro

THE CHARTIST

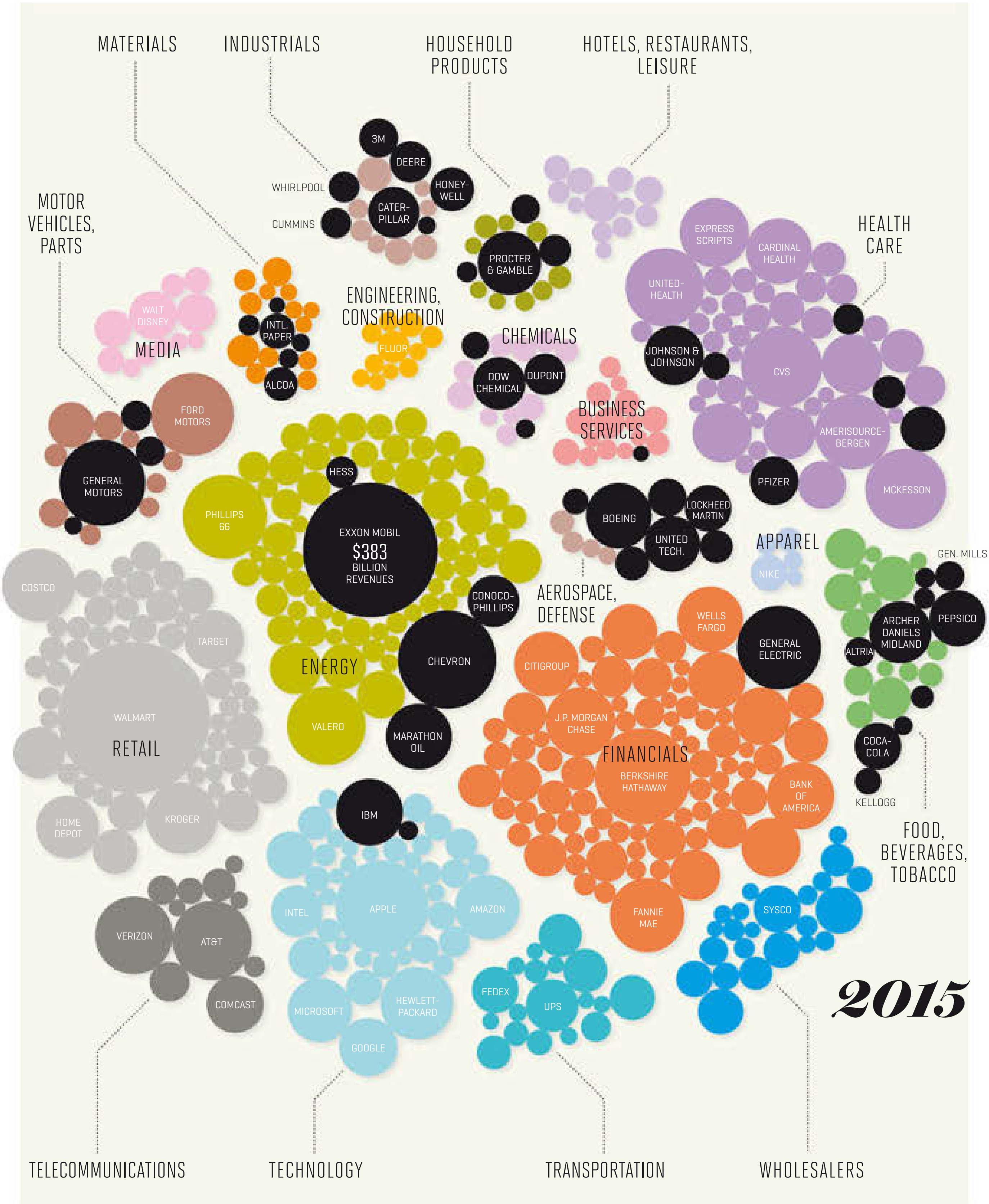
THE *FORTUNE* 500
60 Years of Growth

Each circle represents one company in the *Fortune* 500, sorted by sector. The size of each represents its revenues in constant (2014) dollars. Companies that appear in black have been on the list every year since 1955.



BIG IS BIGGER THAN EVER. As shown in this graphic comparison of today's *Fortune* 500 with the inaugural roster from 1955, it now takes much more revenue to crack our list of top U.S.-based companies. Our listed companies had $12.5 trillion in revenues last year. Adjusted for inflation, that's 10 times what the original 500 brought in.

The *Fortune* 500 earn more today in part because they share a bigger tent. Prior to 1995, the list excluded "service" sectors like financials and retail; today it's hard to imagine the 500 without, say, Citigroup or Walmart. The algorithmic growth of sectors like health care and technology has created a new class of corporate giants. And while the 500 of 1955 earned most of their revenues in the U.S., the biggest companies of 2015 sell to the whole world.


MATERIALS
INDUSTRIALS
HOUSEHOLD PRODUCTS
HOTELS, RESTAURANTS, LEISURE
MOTOR VEHICLES, PARTS
HEALTH CARE
3M
DEERE
WHIRLPOOL
HONEY-WELL
CATER-PILLAR
CUMMINS
PROCTER & GAMBLE
EXPRESS SCRIPTS
CARDINAL HEALTH
UNITED-HEALTH
WALT DISNEY
MEDIA
INTL. PAPER
ENGINEERING, CONSTRUCTION
FLUOR
CHEMICALS
DOW CHEMICAL
DUPONT
JOHNSON & JOHNSON
CVS
ALCOA
FORD MOTORS
BUSINESS SERVICES
AMERISOURCE-BERGEN
GENERAL MOTORS
HESS
PFIZER
MCKESSON
PHILLIPS 66
EXXON MOBIL
$383
BILLION REVENUES
BOEING
LOCKHEED MARTIN
UNITED TECH.
APPAREL
NIKE
GEN. MILLS
COSTCO
CONOCO-PHILLIPS
AEROSPACE, DEFENSE
WELLS FARGO
GENERAL ELECTRIC
ARCHER DANIELS MIDLAND
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ALTRIA
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KROGER
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INTEL
APPLE
AMAZON
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VERIZON
AT&T
FANNIE MAE
COMCAST
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TRANSPORTATION
WHOLESALERS

THEY'RE AVAILABLE!

2016's Most Eligible Billionaires

With looser finance rules and an ever-widening GOP field, the 2016 presidential race is already awash in cash. But while mega-donors like the Kochs and Sheldon Adelson stage mini-primaries for their support, less famous backers are increasingly vying for their own piece of kingmaking glory. Here, the contest's most sought-after targets. *By Tory Newmyer*

Peter Thiel

COMPANY: Founders Fund

NET WORTH: $2.2 billion, according to Wealth-X

2012 GIVING: $2.7 million to a pair of Ron Paul–affiliated Super PACs

Silicon Valley's libertarian iconoclast would seem to have a natural allegiance to Rand Paul, and he has, in fact, opened tech industry doors for the Kentucky senator. But Thiel has also backed Texas Sen. Ted Cruz since his 2009 bid for state attorney general. His loyalty remains a tossup, and he could still wind up sitting the whole thing out.

Paul Singer

COMPANY: Elliott Management

NET WORTH: $2 billion

2012 GIVING: $1 million to Mitt Romney Super PAC Restore Our Future and $1.7 million to pro-gay-rights Republicans

The hedge fund titan hosted an event in April to introduce Florida Sen. Marco Rubio to his network, though he is expected to follow suit for other contenders. Singer is driven by pro-Israel hawkishness, but his social progressivism (he has a gay son) rules out cultural conservatives. He's favored New York–area candidates in the past—so there's hope for you yet, George Pataki.

Frank VanderSloot

COMPANY: Melaleuca

NET WORTH: $1.3 billion

2012 GIVING: $1.1 million to Restore Our Future

VanderSloot wants a great communicator—someone, he says, who can stick up for the American system of free enterprise. He's leaning toward Rubio, while also considering Wisconsin Gov. Scott Walker and former Florida Gov. Jeb Bush (in that order) and expects to make a decision by late summer.

Joe Ricketts

COMPANY: TD Ameritrade (former)

NET WORTH: $2 billion

2012 GIVING: $12.45 million to an austerity-focused Super PAC that spent $9.9 million backing Romney

The TD Ameritrade founder has ties to Walker, and his son Todd hosted a barbecue for him in May. Though Walker has an inside lane, there's plenty of time for other candidates to make a play for his support. Ricketts is still surveying the field and could end up cutting checks to multiple candidates.

Ken Griffin

COMPANY: Citadel

NET WORTH: $6.6 billion

2012 GIVING: $1.55 million to Restore Our Future and another $1 million to the Karl Rove–linked American Crossroads

No hard-core partisan, Griffin helped former Obama chief of staff Rahm Emanuel win two Chicago mayoral races. Bush appears to be a natural fit, but the hedge fund honcho has made it clear he's weighing all his options.

John Paulson

COMPANY: Paulson & Co.

NET WORTH: $11.3 billion

2012 GIVING: Contributed $1 million, early, to Restore Our Future

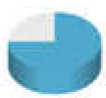
The Wall Street heavy made his name betting on the implosion of the housing market and was the first to cut a seven-figure check to Restore Our Future last cycle. His 2016 allegiance is still up for grabs.

From left to right: Peter Thiel, Paul Singer, Frank VanderSloot, Joe Ricketts, Ken Griffin, John Paulson

THIEL, SINGER, AND PAULSON ALL VIA GETTY IMAGES; RICKETTS: ALEX BRANDON—AP PHOTO; VANDERSLOOT: JOHN MILLER—AP PHOTO; GRIFFIN: HEIDI GUTMAN—CNBC/NBCU PHOTO BANK; MCNAIR: BOB LEVEY/GETTY IMAGES

FORTUNE 500 CEO SURVEY

WE POLLED *FORTUNE* 500 CEOs TO FIND OUT WHAT THEY THOUGHT ABOUT BUSINESS, READING, AND THE WORKPLACE. HERE ARE THE RESULTS:



75% OF CEOs BELIEVE CEOs ARE PAID APPROPRIATELY.

THE AVERAGE CEO HAS BETWEEN FOUR AND 12 DIRECT REPORTS.


Generates Performance From Precision.
OTWEM. Over-The-Wing Engine Mount is equal parts exacting and artful, a principle that has led to advancements in medicine, technology and life. Now it has led to the world's most advanced light jet.
HONDA
hondajet.com/OTWEM
HondaJet

BEN'S BLOG

BERNANKE PICKS A FIGHT

Newly christened econoblogger Ben Bernanke has been throwing some rhetorical punches on his Brookings Institution site. Here, a few of his targets.

LARRY SUMMERS

Summers says the U.S. faces secular stagnation, a theory Bernanke chalks up to his "lack of attention" to global affairs.

GERMAN POLICYMAKERS

Germany's trade surplus is a "drag on European and global growth."

ELIZABETH WARREN

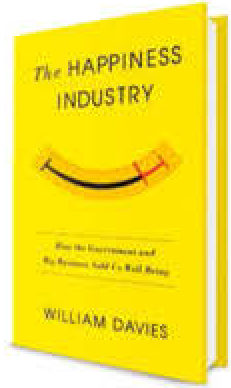
Bernanke lampooned her bid to limit the Fed's emergency lending powers, which he used quite a bit as chairman.

When times are good, some nonprofits need cheering up.

RECESSION NOSTALGIA

VOLUNTEERING VS. THE RECOVERY

One downside to strengthening job creation: Fewer Americans are working for free. As unemployment has fallen to healthy, pre-financial-crisis levels of 5.4%, U.S. volunteerism has also plunged, to its lowest point since 2002, according to the Bureau of Labor Statistics. In 2014, 25.3% of Americans turned out to volunteer, 1.5 percentage points lower than in 2009. "The volunteering rate tends to track the unemployment rate," says the Urban Institute's Nathan Dietz. That's bad news for organizations that rely on unpaid workers, from the Girl Scouts to volunteer fire departments. Last year the Salvation Army had 200,000 fewer volunteers holding kettles and ladling soup than it did the year before (though donations increased), and the Red Cross currently has 43% fewer volunteers than in 2009. Part of the problem may be that people are busier: The largest dropoff has been among the gainfully employed, traditionally the group most likely to volunteer. Another reason is that many feel as if the recession and its hardships are bygone problems. "They forget it," says Ron Busroe, a Salvation Army spokesman—at least once they've gotten a job. —*Jen Wieczner*



SMILE! (OR GET FIRED)

IS HAPPINESS JUST A LIE WE TELL EMPLOYEES?

Americans just want to be happy. Witness the recent explosion of happiness apps, happiness drugs, and corporate titles like "chief happiness officer."

But our collective obsession with joy may actually be depressing us. In a new book, *The Happiness Industry*, William Davies argues that our happiness fixation may have more to do with the interests of corporations and governments than personal fulfillment. Over the past century or so, worker productivity began to hinge less on physical stamina and more on emotional health. Large institutions started beating the happiness drum, and entire industries sprang up around making us more upbeat.

"The risk is that this science ends up blaming—and medicating—individuals for their own misery and ignores the context that has contributed to it," Davies writes. In other words, it's the world we have created, not the poor saps struggling to get by, that may need changing. —*Scott Olster*

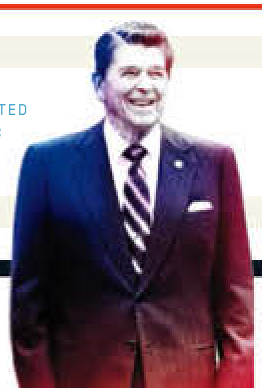
SUMMERS AND WARREN: ROB KIM/GETTY IMAGES; MARKEL: CLEMENS BILAN—AFP PHOTO/GETTY IMAGES; REAGAN: JÜSCHKE—ULLSTEIN BILD/GETTY IMAGES; GOOD TO GREAT: COURTESY OF HARPER COLLINS PUBLISHERS; OUTLIERS: COURTESY OF HACHETTE BOOK GROUP; THE HAPPINESS INDUSTRY: COURTESY OF VERSO

MORE THAN 60% OF RESPONDENTS BELIEVE THE OPTIMAL TENURE ATOP A *FORTUNE* 500 COMPANY IS FIVE TO 10 YEARS.

NO. 1 FAVORITE BOOK: *GOOD TO GREAT* BY JIM COLLINS

NO. 2 FAVORITE BOOK: *OUTLIERS* BY MALCOLM GLADWELL

MOST RESPECTED LEADER: RONALD REAGAN



THEY STILL MAKE THOSE?

Dial-Up Internet and the Other Businesses Tech Forgot

Verizon says it bought AOL because of the latter's digital content and ad technology. But nearly a quarter of AOL's revenue still comes from something more retro: dial-up. Here, a look at some low-tech products that have proved undisruptable in the face of changing technology, whether because they found a niche, they retained devoted customers, or people forgot to cancel their subscriptions. —*Claire Groden*

AOL DIAL-UP

Many of the 2.16 million people who still pay for Internet over their phone lines live in areas without access to high-speed wireless. But considering only about 10% of dial-up subscribers regularly use it, plenty of others just forgot they were paying for subscriptions—which were worth $607 million to AOL last year.

WESTERN UNION WIRE TRANSFERS

Western Union moved $85 billion between individuals last year, for a fee, despite the rise of free mobile banking. The majority of this was international transfers from migrant workers to families back home, often in places without widespread banking or electronic-payment options, where most prefer to pick up cash.

NETFLIX DVDs

Despite CEO Reed Hastings's eagerness to kill off the red-envelope business in 2011, it remains a small cash cow for the company. Netflix had 5.77 million DVD-by-mail members at the end of 2014, and though that number falls a bit every year, the service generated $368 million in profits last year.

MATCHMAKING SERVICES

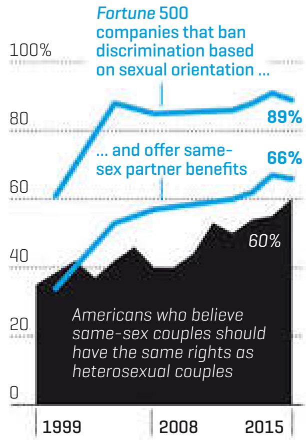
In an era of online dating, love—or at least love for a night—is only a swipe away. But old-school matchmaking (think modern-day yentas) still accounts for 14.2% of the global dating-service industry's $2.4 billion in revenue, according to IBISWorld.

ENCYCLOPEDIAS

Encyclopaedia Britannica surrendered to the Internet and stopped printing its compendiums of human knowledge after its 2010 set. But World Book is still standing. Sure, the company makes most of its revenue on digital products, but it continues to sell 10,000 print encyclopedia sets each year.

TRAVELER'S CHECKS

Once a godsend for cautious vacationers, the traveler's check now seems quaintly anachronistic compared with, say, an AmEx black card. Nonetheless, American Express still prints them and sells billions of dollars' worth per year. A substantial amount in circulation is yet to be cashed.

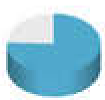


GOOD BUSINESS

HOW CORPORATE AMERICA GOT AHEAD OF THE CURVE ON GAY MARRIAGE

Firebrand presidential candidate Ted Cruz has said that Big Business has a "radical gay-marriage agenda," and he's onto something. Even before gay marriage was widely supported by the public, more than half of the *Fortune* 500 were offering health insurance and other benefits to same-sex couples (see chart). Today 66% of the 500 offer same-sex partner benefits, and 89% explicitly prohibit discrimination on the basis of sexual orientation. Popular support for same-sex marriage hasn't quite reached comparable levels, but the gap between public sentiment and corporate behavior has certainly narrowed. Regardless of how the Supreme Court rules in June on legalizing same-sex unions in all 50 states, that marriage agenda no longer seems so radical.
—*Anne VanderMey*

SECOND-MOST-RESPECTED LEADER: WINSTON CHURCHILL AND WARREN BUFFETT (TIE)



76% OF RESPONDENTS THINK SOCIETY WILL BENEFIT "IF EMPLOYEES TAKE RESPONSIBILITY FOR THEIR OWN HEALTH CARE AND RETIREMENT."

CEO LEADERS MOST ADMIRED (EXCLUDING THEMSELVES): TIM COOK AND JAMIE DIMON (TIE)

CHURCHILL: CARL MYDANS—THE LIFE PICTURE COLLECTION/GETTY IMAGES; BUFFETT: LUCAS JACKSON—REUTERS; COOK: STEPHEN LAM/GETTY IMAGES; DIMON: GARY CAMERON—REUTERS; ICONS BY MARTÍN LAKSMAN; CHART SOURCES: HUMAN RIGHTS CAMPAIGN; GALLUP

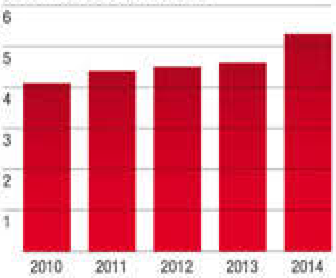
COMPANY SPOTLIGHT

HANES

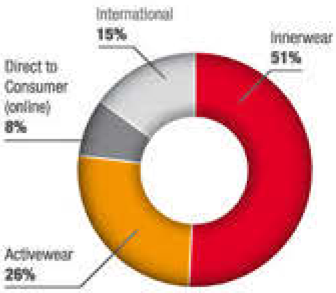
A Leader in Basics

HEALTHY TOP-LINE GROWTH

SALES IN BILLIONS OF DOLLARS



SALES BY SEGMENT



"We produce basic apparel that our consumers want to feel good in and wear every day."

MATT HALL, Chief Communications Officer, Hanes

At **Hanes**, "megatrends" are the company's antidote to fashion. They have staying power—like comfort and performance—that have placed the company in the *Fortune* 500 for the first time.

LITTLE THINGS OFTEN make a big difference. Case in point: Hanes. About 10 years ago, new tagless garments from niche marketers were grabbing the attention of executives at the Winston-Salem, N.C.–based garment company.

Hanes thought the tagless idea was brilliant—helping meet consumers' desire for comfort—and quickly began offering the market's first mass-produced tagless T-shirts. Eventually, the company expanded the process; today, nearly every Hanes underwear and activewear T-shirt, underwear brief, panty, and bra, is tagless.

Customers have noticed. Today, Hanes—the $4.5 billion-a-year-at-retail flagship brand of parent Hanesbrands Inc.—is the No. 1–selling basic apparel brand.

These days the idea of tagless garments seems like a no-brainer. But the concept of driving growth with something as simple as comfort illustrates how Hanesbrands and its portfolio of underwear, intimate apparel, and activewear brands stays ahead. (And, in 2015, for the first time, earned Hanesbrands a spot—No. 490—on the *Fortune* 500.) In 2014, the company had sales of $5.3 billion, a 15% increase over the prior year, and posted profits of $404 million, a 22% hike.

As a basic apparel company, Hanesbrands doesn't trend-hop. "We're not a fashion house," says Matt Hall, chief communications officer. "We produce basic apparel that our consumers want to feel good in and wear every day, so we look for innovations consistent with 'megatrends' that can work across multiple product lines and brands and can last at least five years."

In addition to the comfort megatrend, the company's X-Temp fabric is taking advantage of consumers' desire for athletic-wear performance traits even in underwear, with an innovative cooling technology that adjusts to body temperature.

Unlike most apparel companies, Hanes owns most of its factories. Hall says this lets the company maximize margin, quality, speed to market, and environmental and social responsibility.

In 2013, Hanes paid $583 million for the Maidenform brand, trimming the brand's bra and panty offerings to focus on the best-selling items. It is increasingly producing those garments in-house, with touches like its ComfortFlex Fit technology to make the bras more comfortable and the sizing clearer.

"When you stay true to your core, that's when good things happen," Hall says.

GLOBAL POWER PROFILE

PAYPAL GETS A MILLENNIAL WHISPERER

The question isn't whether tech companies will change the way we pay for things. It's which one will make the most money doing it. ***By Leena Rao***

Dan Schulman will be the CEO of PayPal when it spins off from parent company eBay this summer.

IN AN ERA when hoodie-clad coders are the boy kings of Silicon Valley, Dan Schulman, 57, favors cowboy boots. He made his name in distinctly un-Valley industries like telecom and credit cards. He plays chess with Richard Branson. And he once spent 24 hours begging on New York streets as research for a homeless-youth charity, sleeping in a skate park.

As the incoming CEO of PayPal, Schulman is something of an anomaly in the tech industry. But when the company spins off from its parent, eBay, later this summer, he'll be the latest major entrant in one of tech's battles du jour: the all-out race to own the future of the digital wallet.

PayPal has a running start. In the first quarter of 2015, the payments giant surpassed the rest of eBay in revenue for the first time, growing sales 14% over the previous quarter, to $2.1 billion. With $8 billion in annual sales, if it were independent today, PayPal would land at No. 353 on this year's *Fortune* 500 list. But the challenges are formidable. The Consumer Financial Protection Bureau wants to fine it $25 million for aggressively pushing its "Bill Me Later" program. And the company is now directly competing with tech titans like Google and Apple, which launched competing payment platform Apple Pay last year.

Schulman is no stranger to claiming new ground in business. He spent 18 years at AT&T, starting as an entry-level salesman making $14,200 and rising through the ranks at the wireless carrier just as cellphones were seeing widespread adoption.

His recent career has been distinguished by an uncanny ability to hit the under-35 demographic sweet spot. In 2001, Schulman was approached by Richard Branson to lead a new project focused on mobile phones. The idea for Virgin Mobile, a joint venture with Sprint, was to create a carrier for young adults who couldn't afford expensive cellular plans. Virgin Mobile USA launched in 2002 and was one of the top 10 carriers in the U.S. when Sprint bought Virgin's stake for $483 million in 2009.

Next Schulman jumped to American Express, where he focused on younger customers and others ill-served by traditional banks. Among many new products, Schulman launched AmEx Bluebird, a prepaid debit card aimed at that demographic. Bluebird piqued the interest of eBay CEO John Donahoe, who flew to New Jersey from California last year and offered Schulman a job as head of PayPal. He took it.

Schulman's vision is for the new PayPal to create the dominant payment system for mobile and web commerce. Critically, PayPal's mobile business is booming, with payments up 40% year over year. The company's Venmo app, which allows users to send cash to one another using debit accounts, is seeing huge growth among young users, moving $1.3 billion in payments last quarter.

Yet in the physical world, where 90% of transactions still happen, the company has stumbled. Though tens of thousands of chains have PayPal integrated at the point of sale, its mobile in-store payment system has yet to gain traction in many of them.

For Schulman, the opportunity is vast, but the pressure is mounting. "We think that technology can help to reimagine what the management and movement of money can look like," he says. If PayPal doesn't lead that transformation, someone else will.

ROBERT GALBRAITH—REUTERS

KPMG *presents* **LEADERS IN THE CLUBHOUSE | EXECUTIVE WOMEN + GOLF**

Lynne Doughtie

U.S. Chairman & CEO-Elect, KPMG

GLOBAL PROFESSIONAL SERVICES GIANT KPMG recently announced Lynne Doughtie will be its next U.S. Chairman and CEO effective July 1, making her the first woman to hold both of these positions for a Big Four firm. Doughtie joined KPMG straight out of Virginia Tech almost 30 years ago. She currently leads KPMG's largest and fastest-growing business, Advisory, which focuses on helping companies of all sizes succeed. Doughtie's golfing ambitions may be smaller in scope but no less significant. When she's on the course, she expects to have fun and use the game to help build successful business relationships. In her three decades of experience, there is often significant overlap between these goals. —*interview with Evan Rothman*

How did you get interested in golf? I started playing golf when I was just out of college and starting my career with KPMG. I took a few lessons, and my husband has always loved to give me pointers—for better and for worse! I realized you could really enhance relationships by being on the course with clients. In fact, my very first golf game was with clients.

Why is golf an important avenue for women in business? Relationships are so important in business. A few years ago, we started a career-development program for up-and-coming women called the Stacy Lewis Rising Stars Invitational. It provides leadership training with Harvard Business School instructors—which we couple with a day of golf instruction. LPGA star Stacy Lewis, who's a KPMG brand ambassador, works with these women. We think pairing leadership development with the relationship-building golf offers is a fantastic way to help women advance their careers.

KPMG is the title sponsor of the Women's PGA Championship. Why has the firm become more deeply involved in women's golf? We're so excited about the KPMG Women's PGA Championship. That said, we wouldn't be sponsoring the event if it was a golf tournament alone. Having the KPMG Women's Leadership Summit as a critical part of this overall event is really exciting for us. We've asked organizations to invite women who are one step away from the C-suite to an all-day program on leadership development with world-class speakers, including Condoleezza Rice and Duke Energy President and CEO Lynn Good. We'll also be creating cohort groups that will be together throughout the year to provide continued leadership training and community activities for these future leaders. So we'll have today's top women leaders working to inspire and empower the next generation of women leaders. It's going to be extremely powerful.

Do you see mentorship and sponsorship as a key part of your own work? One of the most rewarding things for me is to see people grow and develop, and it means a great deal to give them advice, as well as sponsor them. I'm certainly in that position today to speak on their behalf and help them get in the kinds of roles that they're aspiring to. You take a lot of pride in knowing that you had a small part to play in that, in helping advance their career and influence them along the way.

Why is it so important to get more women into the C-suite? With the rapid pace of change in today's environment, business success requires constant innovation. Organizations good at innovating require diverse skill sets and diverse thinking. It's our belief that you have a better team serving clients when you bring people with different experiences and different perspectives to the table. Diversity is a top priority for us and correlates directly to our success.

Doughtie prioritizes building relationships on and off the golf course.


Here's to breaking more glass ceilings.
From boardrooms to the golf course, and everywhere else, the sky is the limit for women pursuing their goals.
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SUMMER TRAVEL

By Ryan Bradley

Setting off in an Airstream2Go rental in Snow Canyon State Park, Utah

RYAN BRADLEY

AIRSTREAM DREAM

It's now possible to rent an American icon for the ultimate glamping road trip. The question is, How do I back this thing up? (The answer: Slowly.)

EVERYONE ALWAYS WANTS to see what the inside looks like, right away, before anything else. The outside is so gleaming and recognizable, the trailer looks so much like it is supposed to—a silver bullet, an outer-space way station, an Airstream—that the mystery of the interior becomes heightened on the threshold, which in our case was in a parking lot in downtown Las Vegas, across the street from where Zappos CEO Tony Hsieh lives in a post-modern trailer park. What's that? Do you even need to ask? Yes, he lives in an Airstream.

This Airstream—28 feet long, eight feet wide, and about 7,000 pounds—was to be our home for the next five days and four nights. My roommate, Miguel, and I have experience sharing tight spaces. We lived together as college fresh-

men and sophomores, in bunk beds both years. This situation was quite a bit nicer. I would have an almost queen-size bed in the back (they can't call it a full queen-size bed because the curves of the Airstream demand pleasing curves along the mattress, and the rounded corners disqualify), and Miguel would sleep up front on a really soft, fake-leather couch that converted to a double bed. There were a stove, a dining nook (also convertible into a bed), a bathroom, a shower, and more storage space than we knew what to do with, much of it preloaded with high-end pots and pans and kitchenware.

Our trip was a throwback with a modern twist, an all-American version of glamorous camping—glamping—out to the great big red-rock canyons in Utah and back. But we didn't buy the shimmery silver American icon; we rented it—and the GMC Denali to pull it. This wasn't a one-off journalistic stunt. For the first time in history you, too, can now forgo plopping down upwards of $100,000 to buy an Airstream and instead spend about $4,000 to $10,000—length of trip and trailer depending—to rent one and temporarily live this dream. The rental company, Airstream2Go, is the only licensed and authorized Airstream rental in the world. It has a good pedigree. Its founder and CEO, Dicky Riegel, ran Airstream for several years (and tripled sales); he then ran Airstream's parent company, Thor Industries (No. 668 on the *Fortune* 1,000), based in Elkhart, Ind. Now Riegel is off on his own, with fleets in Las Vegas and Los Angeles and, in the summer, Bozeman, Mont.

Riegel started Airstream2Go for three reasons. First, he wanted to try something new and different and create his own thing. A startup fit the bill. Second, he loves Airstreams dearly, bleeds silver, as they say, and owns two (one he's converted into a pool house, and the other he hauls with his vintage Chevy pickup). And third, he was tired of saying no to all the people who asked—and this happened at least once a day, every day—if it was possible to rent one. The cult of the silver bullet is stronger than ever, and the backlog to buy one can be years. Now that Riegel is a customer of his former company, Airstream2Go's 30-plus Airstreams built in 2013 are all already presold, much like rental-car fleets.

But there's a problem, a rather obvious one, with renting out a big, beautiful American icon, and that is that one does not simply hop in and drive off the lot with a multiton, $100,000 object in tow. This became abundantly clear to me days before our trip, when I awoke in a cold sweat after a dream about a years-ago experience hauling a rickety old moving trailer. The anxiety grew as I began contemplating further aspects of the trip, like where we'd park the rig and how we'd navigate gas stations and deal with our toilet tanks and ... the list went on and on.

The next day I got an email from Sage Fennig, an "ambassador" with Exclusive Resorts. Last fall Airstream2Go partnered with Exclusive—a luxury destination club wherein members pay

LEARNING THE CRAFT
Left: Before setting off, our driver gets schooled in all things 'Stream—hitching and unhitching, plugging in electric, dealing with waste. Below: Pulling into gas stations is easy. Other vehicles get out of the way.

RYAN BRADLEY (3)

a fee to have year-round access to very plush lodgings all over the globe—to offer three trips: one up the California coastline, another in and around Yellowstone National Park, and a third in the Southwest, through Zion, Bryce, and the Grand Canyon. We were going on an abbreviated version of this third trip. Exclusive Resorts handles all the logistics in getting you to and from the Airstream, including air travel and an overnight in Vegas, and Fennig did all this for us. She also put me in touch with Cory Lawrence, the owner of Off the Beaten Path, an adventure-travel outfitter based in Bozeman that works with all Airstream2Go customers on their trips.

I called Lawrence, who told me that while there were suggested itineraries, no one's vacation ever follows those to the letter. That's why we were talking, in fact, to figure out what I was after. His company was in the business of creating what he called "bespoke, localized, authentic" travel. While some of Airstream2Go's clients from Europe and Australia had some experience "caravanning," for most Americans (the majority of Airstream2Go's customers) this was their first RV foray. "It's a five-star experience," Lawrence said. "It's taken out of camping the three things that make people most nervous: How'm I gonna eat, sleep, and go to the bathroom?"

Still, a nagging thought arrived: This was a five-star experience in a trailer park. "Actually," Riegel told me, "these aren't trailer parks. They're campgrounds. People don't live there." Lawrence said that far from the "Dixie flag, shotgun, and Rottweiler stereotype, what happens a lot is you get to go behind the curtain and enter the world of RVers. And they do have money. And they recreate. It's a friendly tribe." Most of the folks who came back from Airstream2Go trips ended up gushing about this tribe they'd entered, if only temporarily.

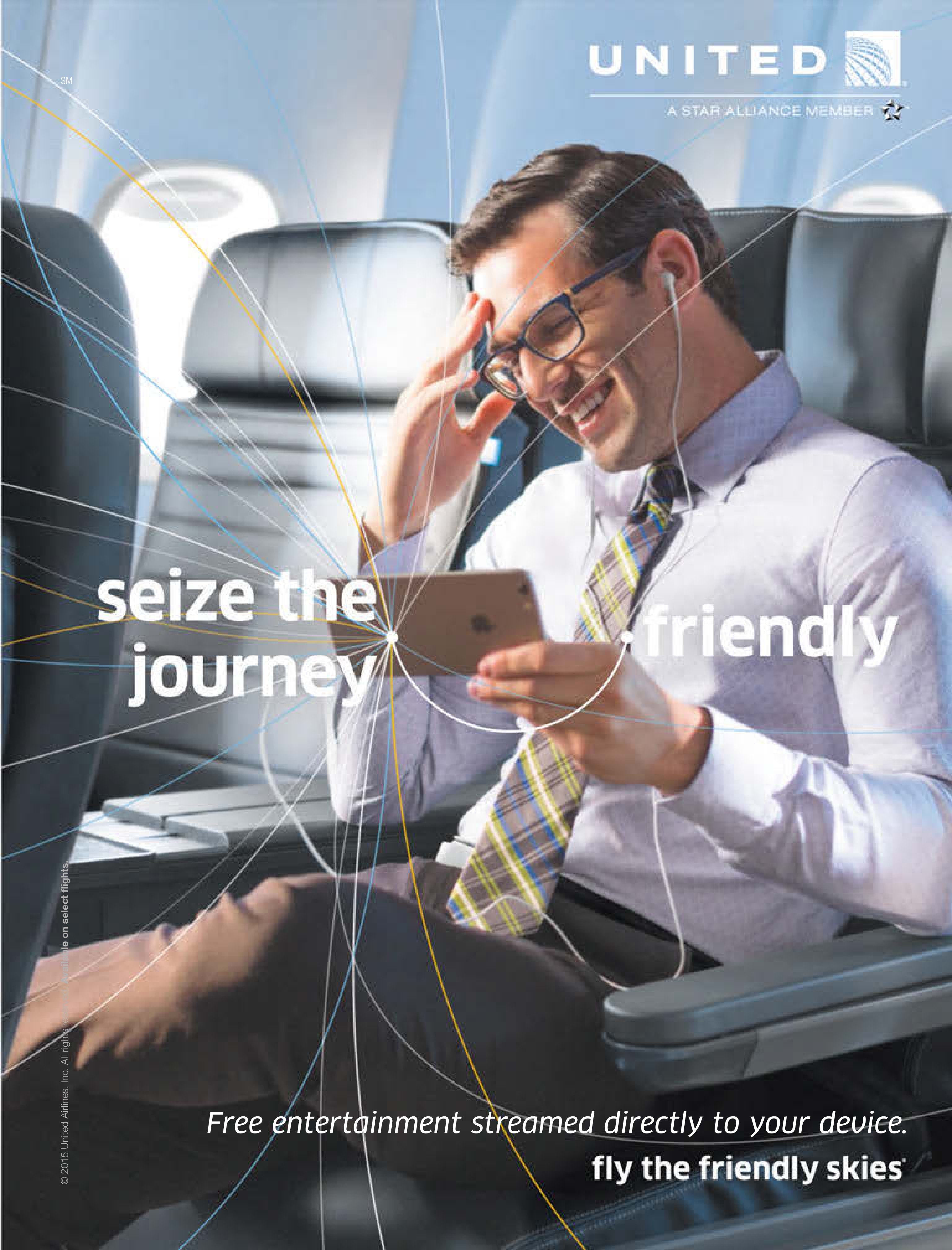
GLAMP GROUND
Most of Airstream2Go's clients are first-time RVers looking for a five-star experience.

COURTESY OF AIRSTREAM2GO

By the time our flight arrived I was relatively calm about the prospect of hauling. I was made all the calmer once we met Josh Rogers, the fleet manager and our expert teacher in all things 'Stream. He showed us into the interior, and then, for more than two hours, Rogers schooled us on the ins and outs of trailer hitching and unhitching, as well as plugging in electric, water, and—most important and grossest of all—waste. Miguel took us around the block slowly, with nice wide turns, and then, for an extremely brief moment, he backed up. A video monitor on the GMC's dash displayed what was happening in the rear, and we were shown the "trucker's grip" (palms down, both hands gripping the bottom of the wheel). Finally, we were assured that both of our campsites during our journey were "pull-throughs," so we would probably not even need to reverse while hitched. And with that, we were sent on our way.

Reader, I'm sure it was unintentional, but we were misinformed. Neither of our campsites was a pull-through. We backed up. Oh, we backed up. But I am getting ahead of myself.

There are many wondrous aspects to journeying with an Airstream in tow. Mona Heath, general manager at Airstream2Go, said we'd get joyful honks and thumbs-up from passersby. We received neither. What did occur was an unsettling wobble and very subtle push from behind—the weight of the trailer at high speed nudging our car along—if we passed much over 60 mph. It was better, we found, to stay between 50 and 55. There is something magical about setting such a slow pace and not worrying a whiff about vehicles of all kinds, including semitrucks, passing us by. The vast desert landscape revealed itself more clearly. We were moving at a speed more closely aligned with the clouds in the sky. The other wondrous aspect was far more basic but I'd wager even more magical: When we had to go, we simply pulled over,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hopped in the trailer, and went.

Much has changed since 1931, when Airstream's founder, Wally Byam, a Los Angeles lawyer, founded the company. But the essential retro-futuristic whimsy of an Airstream has only grown in popularity. Today there are more Airstreams on the road than ever before, and, remarkably, most of those were made in the past decade or so. The Airstream, built in Jackson Center, Ohio, still looks great, and as photogenic as anything on the road, but it's more and more common—indeed, as we pulled into our campsite, an RV park just outside Zion, we passed two other Silver Bullets, parked within sight of our hookup spot.

A word on our spot: It was in a laughably difficult-to-navigate corner. I am nearly certain that the folks at the campsite figured they were doing us a great favor by saving such a plum space—boasting as it did a view of the Virgin River, a cow pasture, and the rust red cliffs against the horizon. But no. I was driving at this point, and I cannot tell you exactly how long it took to inch that 28-foot metallic Twinkie into our slot. Miguel thought it was maybe half an hour. At least half the campground came out to see these two newbies try to thread the needle on Dead Man's Curve. I entered a Zen-like trance of pulling forward and moving in reverse, again and again and again, all while taking orders from a very friendly horde of extremely tanned old-timers wearing flip-flops and drinking cocktails out of brightly colored plastic cups. I would see some of these guys around days later, and they'd nod at me solemnly, acknowledging what we had been through. Maybe, possibly, I was one of their tribe now. Nothing I did for the rest of the trip was nearly as difficult—not hooking up or draining the waste tanks, not fixing a bad connection on the water hose, not even pulling into a crowded gas station (the thing about having a really big car towing a really big, shiny trailer is that people tend to see you, and maybe take pity, and certainly get out of your way)—and nothing left me with such a giddy glow in the aftermath, even after I learned I'd pulled in a little bit catawampus, and our trailer listed slightly to the left.

"IT'S NOT QUITE CHEVY CHASE IN *VACATION*, BUT THERE'S SOMETHING YOU DON'T GET, YOU CAN'T GET, ON OTHER TRIPS: A SENSE OF ACHIEVEMENT."

When we returned, five days and four nights later, we pulled into that Vegas lot with huge grins. We'd had an adventure, learned some skills. Still, it struck me as odd that the sort of high-end folks who were the core of Exclusive Resorts' and Airstream2Go's business would be lining up to take a similar trip. There was a lot of work involved and some stress too. I called Riegel from the front seat of the Denali and asked him why his clients, who could have pretty much any vacation under the sun, would want this one. He laughed and said, "Yes, yes, that is exactly what's so surprising about it, and what we were betting on." So many vacations, he said, particularly luxury vacations, are characterized by "doing nothing and having everything done for you and happen around you." Airstream2Go was the opposite. "You're at the helm. It's not quite Chevy Chase in *Vacation*, but you kind of get the point, particularly if you're with friends or family. There's something you don't get, you can't get, on other trips: a sense of achievement." I told him about parking, backing into that spot. "You've conquered a little bit of fear," Riegel said. "And come back with a great story you get to tell, so the trip will live on. What could be better?" I told him I didn't know.

For rates, visit airstream2go.com/rates.

JUST DON'T BACK IT UP Nothing was as difficult as getting the trailer into its spot.

RYAN BRADLEY


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[1] The evolving Dubai skyline; **[2]** Souk Al Bahar is great for souvenir shopping; **[3]** Views of the Burj Al Arab hotel from Kite Beach

SEE DUBAI IN A DAY

Tips for visiting one of the wealthiest crossroads in the world. *By Adam Erace*

BRAZIL-BORN MARIANA REITMAN, the chief concierge at Four Seasons' 237-room hotel on Jumeirah Beach, loves Dubai's split personality: "You can go super-local and live simply by day, but at night you can also dress up and go out to fancy restaurants." With her connections, that is. Here is Reitman's advice for an impeccable trip.

2

• **Local cuisine** Reem Al Bawadi is the only place I send my guests for very authentic food. It has two locations, one very close to the hotel and another in the marina. It's a simple place but nicely done; the decoration is very Arabic. I tell my guests to order the kibbeh nayeh, a tartare of beef or lamb. You can also smoke shisha there, the best way to end an authentic meal.

• **Under the radar** The Juma and Obaid Bin Thani House is a very cute calligraphy museum in an old house from 1916, back when Dubai had only 2,000 people. The architecture is traditional and lovely, and the Arabian writings and famous poems are beautiful.

• **Desert activity** Just outside the city there's a nature reserve in the desert, and Platinum Heritage does a tour I love called Bedouin Breakfast, which is a wildlife safari in open Land Rovers, so you can see many animals. You'll also meet a Bedouin who talks about local history. It's great to do in the morning before the sun gets too hot.

• **Royal thrill** Everyone talks about skydiving at the Palm, but there's also a great facility in the desert called Inflight Dubai, where you can train in an indoor skydiving simulator. The technology is unbelievable; there are only two or three like it in the world.

• **Best beach** My favorite beach is Kite Beach, named for its kite surfers. It's the only beach with surfing in Dubai, and there's a school called Surf Dubai. It offers classes for kids and adults. There are also great views of the sail-shaped Burj Al Arab hotel.

• **Locals' secret** Near Kite Beach, SALT is a food truck that sells burgers. You can find out where it is by following it on Instagram using @FindSalt. It attracts a great mix of people: in bikinis, in working clothes; even the Sheikh goes there sometimes.

• **Side trip** Fujairah is one of the seven emirates that make up the United Arab Emirates. It's a lovely area that's an hour's drive and sits on the Gulf of Oman. The sea is nice, and the water is incredibly clean. It's where many locals go to get away.

• **Toughest dinner reservation** Coya is the place to be. It's a Peruvian restaurant near the Four Seasons, and the food is stunning. I go for whatever fres h fish it has, the spicy beef, and salted Peruvian corn. The ambiance is like a chic grandma's house, and there are big jars of infused pisco.

• **What to avoid** Visiting during Ramadan, when it's usually very hot and the restrictions can pose some limitations on activities and dining. It's also pointless to visit areas under development, such as Motor City and Dubai Land.

3

THE $10,000 DAY

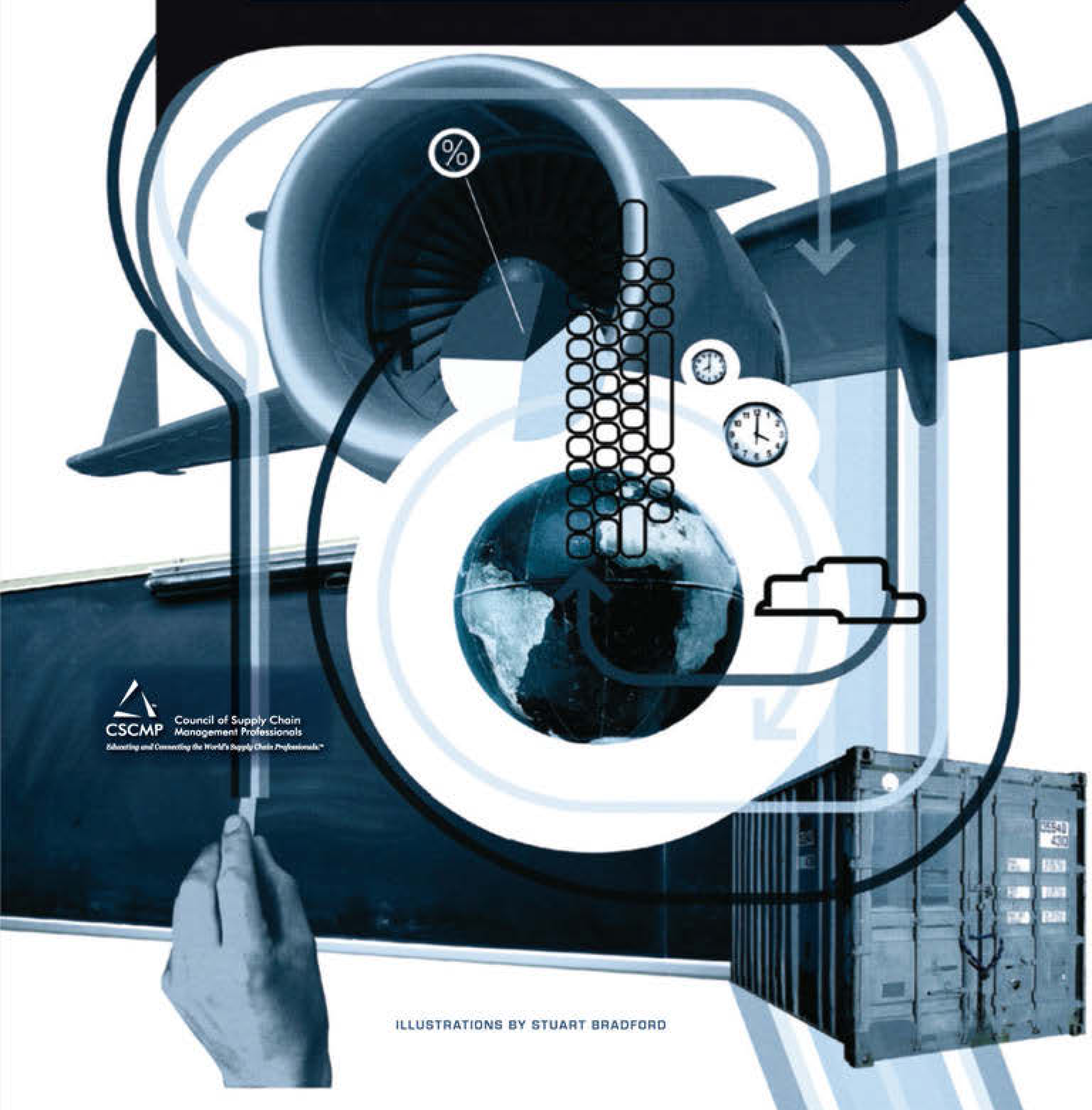
REITMAN'S PERFECT DAY IN DUBAI "Start by driving around in a Bentley GT; I can get you one with red interiors. Go to the Palm to see the Atlantis. Then take to the sky for a helicopter tour, followed with lunch by the beach at 101 Restaurant at the One&Only the Palm, where you'll enjoy a seafood platter and a very cold Chablis while taking in views of the skyline. Then you'll head to Downtown and go to the 148th floor of Burj Khalifa, the tallest building in the world, followed by a shopping trip in Souk Al Bahar to buy a souvenir. For dinner, indulge at Roberto's DIFC Dubai with some burrata cheese and truffled pasta. Finish the night with a table at Dubai's best club, Provocateur, and a bottle of $1,500 Pérignon rosé."

SKYLINE: THOMAS KURMEIER—GETTY IMAGES; SOUK AL BAHAR: MARTIN KREUZER—GETTY IMAGES; BURJ AL ARAB: LUIS DAVILLA—GETTY IMAGES

For more on Dubai and other cities in the *Fortune:* Black Book series, visit *Fortune.com/BlackBook*.

GRADUATING TO A SMARTER SUPPLY CHAIN

HOW SPECIALIZED EDUCATION PAYS OFF



ILLUSTRATIONS BY STUART BRADFORD

THERE ARE A LOT OF COMPANIES that have not employed sophisticated supply chain methodologies," says Rick Blasgen, president and CEO of the Council of Supply Chain Management Professionals (CSCMP). "They just haven't been schooled in it. They haven't understood the benefits of it, but they're now finding out that the benefits are there."

Today, to meet rising customer expectations, supply chains must be more nimble, quick to anticipate shifts in demand, and even quicker to respond. Leaders at every stage must know not only their domains and silos, but also how all the parts of a complex system work together.

Information technology (IT) has upended previous forecasting models by enabling manufacturers to track shifts in demand, as well as shipments of materials and parts, through the cloud in real time. No plant or distribution center manager can afford to be oblivious to big data.

In IT, as in planning and purchasing, one principle has become paramount: Companies need people to analyze beyond the scope of their day-to-day operations. They must understand how distant dynamics upstream or downstream have long ripple effects and require short response times. A holistic understanding of supply chain dynamics is especially important in this era of technology-driven disruption of business models.

"Companies are getting value out of analyzing data on spreadsheets, but there's more value if you adopt techniques for more sophisticated analysis," says John Langley, professor of supply chain management at Penn State.

"To be competitive in this changing landscape, companies need a supply chain leader that they didn't need 20 or even 15 years ago," says Carl Briggs, professor of operations and decision technologies at Indiana University's Kelley School of Business.

Encouraged by this professional vacuum for next-gen supply chain experts, new investment—from students, companies, schools, and professional organizations—is pouring in to supply chain education.

Briefly put, both newbies and pros alike need training on a level that their predecessors never did.

SOURCES OF SUPPLY CHAIN SMARTS

As a result, 74 U.S. colleges offered a business degree in supply-chain, transport, or logistics last year, according

to the Association to Advance Collegiate Schools of Business (AACSB) International. That's up from 56 four years earlier. On the graduate level, 19 business schools now confer a supply chain-related degree and 26 offer an MBA with a supply chain focus.

The University of Southern California Marshall School of Business has developed a 16-month master of science in global supply chain management. The on-campus and online program is comprehensive, including academic concepts and practical applications as well as a mixture of distance education and face-to-face learning through experiential learning trips. Synchronous and asynchronous learning are designed to provide a world-class network of contacts and access to resources at the Center for Global Supply Chain Management, with its speaker events, research, networking, roundtable discussions, and annual conferences.

In addition to work on applied industry projects, students have an opportunity to attain Lean Six Sigma certification. Upon graduation, "they're ready to hit the ground running and make an impact on their organizations. We try to pack 16 years of working experience into 16 months of well-rounded education," says Nick Vyas, director of USC's Center for Global Supply Chain Management and program director of its M.S. program.

For the ambitious, specialized degrees are launching upward career trajectories. With a master of supply chain management degree from the University of Michigan's Ross School of Business, graduates routinely climb from mid-level positions in their organizations to supply chain leadership roles.

In Indiana University's MBA Supply Chain Academy, students work to solve real-world supply chain problems for corporate partners, many of whom are members of the school's corporate Supply Chain Alliance.

Southern New Hampshire University (SNHU) offers a 15-month online MBA in operations and supply chain management, tailored to working students with high-level ambitions in warehouse management, transportation planning, procurement, distribution, and inventory control.

The draw of affordable, practical education makes SNHU, a private nonprofit university in Manchester, N.H., one of the fastest-growing schools in the country. Since 2010, enrollment has soared from 12,000 to 72,000, with most of the growth online. Through three-year degrees and other innovations, SNHU is helping students hone marketable skills and save up to 40% on a bachelor's degree education.

"We collaborate with employers to develop programs," says SNHU president Paul LeBlanc. "The focus is on our students and the needs of potential employers, getting the right students with the right skills in the right jobs."

Long-established programs are also growing larger and becoming more selective. The Haslam College of Business at the University of Tennessee, Knoxville (Haslam) awarded 150 undergraduate supply chain degrees back in 2003 but now confers 300.

At Penn State University's Smeal College of Business, more than 2,000 undergraduates apply each year to the supply chain management program; one in six gets accepted.

"The students come out

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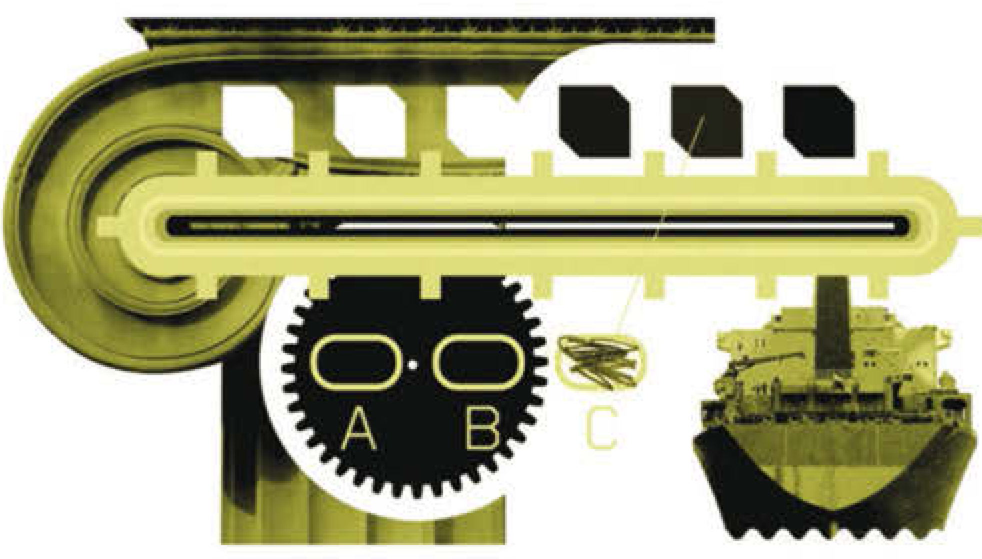


prepared," says Penn State professor Langley. "We use a lot of cases, and every case makes you aware of a different supply chain problem. Then we use action projects to ensure learning transfers to practice." Students learn problem-solving techniques as well as supply chain processes from managing IT-enabled logistics to crafting strategy. The curriculum, offered online and in residence, often leads to a master's or Ph.D. in supply chain management.

Organizations flock to hire the program's graduates, as evidenced by an annual three-day recruitment fair that draws at least 150 corporations annually, from Lockheed Martin to MillerCoors. The number of companies hiring Penn State talent? 550. Based on the 2014-15 exit survey, companies that hired the most students included EY, Amazon.com, DICK'S Sporting Goods, IBM, and Boeing.

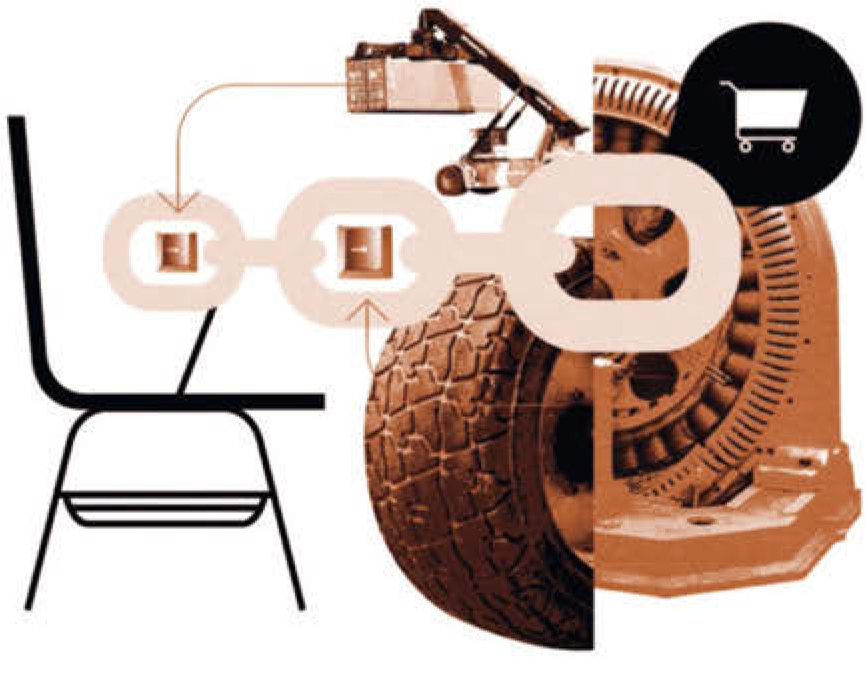
Additionally, the United States Navy, Army, and Marines are loyal supporters of the school's supply chain professional development programs.

Few companies have the in-house resources to study the best practices of a range of industries, with radically divergent scenarios to apply. Nor do they have the luxury to do much, if any, trial and error in real time. But academic centers and nonprofit providers of business courses glean insights from far and wide, and they increasingly package essential learning tools for distribution through a variety of platforms.

For example, such organizations are tapping into CSCMP's library of materials, including SCPro™, a certification program for senior-level supply chain professionals, with content online, in workshops, and in customized courses. Nine community colleges and three universities use CSCMP content, and some Haslam students take the SCPro™ certification test as a final exam.

"It used to be much more about functional expertise. Now you have to have cross-functional management skills, international exposure, and the ability to transcend the technical side."

ABE ESHKENAZI, CEO, APICS



CSCMP also certifies entry- and mid-level supply chain employees through LINCS (Leveraging, Integrating, Networking, Coordinating Supplies). Supported by a $25 million Department of Labor grant, LINCS is increasingly accessible—especially for veterans, displaced workers, and the long-term unemployed—through a consortium of 12 colleges and universities around the country.

Decision-makers also turn to Chicago-based APICS, an organization for supply chain and operations management professionals, for up-to-date insights—and for certifications that, according to APICS surveys, lead to employee salary increases of 9%–17%. Why? They leave with credentials, such as Certified in Production and Inventory Management

(CPIM), that prepare them to see supply chains as more than balance sheet liabilities, and the extra training leads to measurable value for their organizations.

"It used to be much more about functional expertise," says APICS CEO Abe Eshkenazi. "Now you have to have cross-functional management skills, international exposure, and the ability to transcend the technical side."

Companies and their employees gain insights through the APICS Supply Chain Council (SCC). When firms affiliated with APICS SCC tap the SCORmark benchmark process, they see how their processes stack up against those of more than 1,000 companies and 2,000 supply chains. Once they've identified areas for improvement, they can often turn over inventory at a 20% faster rate and boost operating margins.

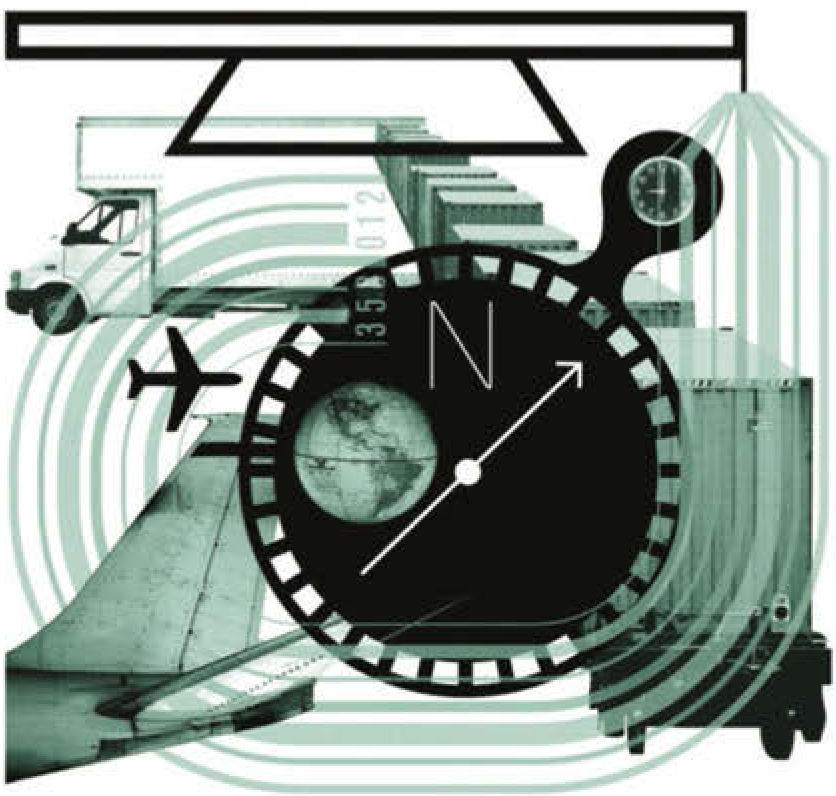
At the university level, gone is the ivory-tower mentality. The supply chain track forges partnerships with corporations that, in turn, use business schools like supply chain doctors to diagnose what's wrong—and to prescribe cures.

As companies come to regard supply chains as strategic assets, educational institutions are developing curricula aimed at graduating men and women ready to step into roles—such as chief supply chain officer—that were virtually nonexistent a generation ago.

PAYOFF FOR THE COMPANY

Companies don't need much arm-twisting to write checks for executives' supply chain tuitions. They are taking their education investments to the bank, leading them to invest in everything from advanced degrees to multi-day modules custom-crafted for their organizations.

Consider Haslam's Executive MBA for Global Supply Chain, a one-year



The United States Navy, Army, and Marines have all sent teams to Penn State University for its analytics programs.

program that launched in 2013 and draws managers from aeronautical, food and beverage, and consumer goods companies with international reach. Each participant completes a project to improve their company's supply chain. The average project delivers $6.5 million in value to the organization, according to Shay Scott, managing director of Haslam's Global Supply Chain Institute, a hub for research and industry consulting.

The Master of Supply Chain Management program at the University of Michigan combines end-to-end supply chain education with paid, 14-week action based learning projects to address actual supply chain problems for *Fortune* 200 companies. In tackling challenges from remanufacturing to cloud-based infrastructure, they helped corporate partners save an average of $12.8 million per project last year.

Companies that specialize in making supply chains hum have been stepping up to build closer ties with universities. Penske Logistics sponsors research, provides internships, and supports forums at institutions that equip business students with the know-how to make an impact from day one on the job.

"The trend today is specialization," says Penske Logistics senior vice president of human resources Jeff Stoicheff. Ten years ago, many supply chain executives had degrees in general business disciplines, Stoicheff says, but now they are more focused. "Today, more members of our leadership team possess or are attaining degrees specifically in supply chain management."

With 13,000 employees worldwide and revenues of $1.1 billion, Penske Logistics has carved a leading niche in trucking, warehousing, and supply chain management. By investing in education, the company aims to get a leg up on the industry's forecasted talent shortage in years ahead.

"Today, we are seeing outstanding talent coming out of the universities, as they have instituted excellent internship programs that include operations exposure," Stoicheff says.

The payoffs can make a little extra schooling seem like a gold mine. For example, Ingersoll Rand saved $5.5 million over three years by partnering with APICS to train more than 200 employees in strategies for improving delivery performance; APICS training for 150 employees of GE Oil & Gas resulted in a 30% increase in on-time deliveries.

PAYOFF FOR THE PRO

The employment outlook in supply chain fields is indeed bright for professionals with the right training. And companies are paying a premium for employees who can help them run a more integrated ship.

For those logisticians who analyze and coordinate a company's supply chain, the median pay was more than $72,000 in 2012, according to the U.S. Bureau of Labor Statistics. "Employment of logisticians is projected to grow 22% from 2012 to 2022, much faster than the average for all occupations," the BLS states. "Employment growth will be driven by the important role logistics plays in the transportation of goods in a global economy. Job prospects should be best for those with a bachelor's degree and work experience related to logistics."

> **"To be competitive in this changing landscape, companies need a supply chain leader that they didn't need 20 or even 15 years ago."**
>
> *CARL BRIGGS*
>
> *PROFESSOR OF OPERATIONS AND DECISION TECHNOLOGIES, KELLEY SCHOOL OF BUSINESS, INDIANA UNIVERSITY*

For people in the workforce, the path to a degree can now involve getting credit for job skills, not just academic credit hours or grade points. SNHU's College for America partners directly with employers to help working adults achieve accredited, competency-based degrees.

Those graduating from college with a specialization in supply chain have recently seen starting salaries jump an average of more than 10% to as much as $70,000 this year, according to CSCMP.

Education pays, too, for supply chain brains already in the workforce: On average, those with bachelor's and master's degrees earn around $125,000, versus $81,000 for those with a high school diploma, according to an April survey of readers of *DC Velocity*, a magazine for supply chain managers and executives.

Finally, those who learn the most earn the most and bring outsize value to their employers. *DC Velocity*'s April survey found that those with doctorate-level training are taking home an average paycheck of $340,000.

THE FUTURE

Program tracks are constantly evolving, as companies discover what they need and where they can turn for help. For instance, lean manufacturing principles that focus on eliminating waste are increasingly applied to transportation, distribution, and other supply chain areas. To make the leap and bring "lean" to bear, companies often need a guide.

Supply chain management might not be as simple as it used to be, but herein is where the opportunity lies. The field is attracting professionals who like a challenge and welcome a career path filled with promise. And with plenty of sources for the knowledge they need, they're ready to be nimble. ●


To get better people
in front of HR,
put a better system
behind HR.
Your bundled HR software is outdated. It's simply not powerful enough for today's talent war. Successful talent acquisition now requires its own dedicated software suite with social, mobile, and video tools. iCIMS empowers your company to find, screen, and hire the right people. Faster. Get growing. Visit icims.com
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JUNE 15, 2015

Venture

FINANCING SMALL BUSINESS

By Jennifer Alsever

INVESTORS GET HIGH ON MARIJUANA

The business of legal weed is entering a new stage, as a broad infrastructure of related services, particularly financial, develops.

LAST YEAR former videogame entrepreneur Dooma Wendschuh began soliciting investors for what he viewed as a big idea: distilled marijuana extracts, developed by scientists, that could be used for "edibles," such as brownies, and vaporizers. Rather than hawking flavors or strains of pot, his company, Ebbu, would aim to deliver consistent *feelings,* such as "chill" and "giggles."

Raising funds wasn't easy, to put it mildly. Wendschuh approached seven investing groups, by his estimate, made hundreds of presentations, and asked more than 450 individuals to put up cash. Four months of grueling effort yielded him $2 million. So far business has been good. Ebbu's first line of extracts has been flying off the shelves in four Colorado dispensaries

ILLUSTRATION BY **LEONELLO CALVETTI**

since it launched in April. The profit margins are huge: Ebbu makes its extracts for $2 and sells them for $35. "You can make a lot of money in marijuana," Wendschuh says. "If you make it, it will sell. It's unreal."

A year after he struggled to raise money, the situation is far different. At a Marijuana Investor Summit in Denver, an April event that drew 1,000 investors, Wendschuh says he was besieged by millions of dollars' worth of unsolicited offers to invest in his operation. Others pitched him marijuana-focused accounting, consulting, recruiting, or security services.

Call it the three stages of development: First comes the product itself, second come ancillary products, and third comes the infrastructure of related services. By that measure, the legal cannabis business is rapidly accelerating into stage three, as an ecosystem of financial and other services quickly grows up.

Sales of pot—the legal variety—soared to $2.7 billion last year from $1.5 billion the year prior, according to the ArcView Group, an investment and research firm focused on cannabis. Medical marijuana is now legal in 23 states and Washington, D.C., with five of those jurisdictions permitting recreational use. Next year voters in another half-dozen states will consider legalization. Meanwhile, there's a bipartisan effort to remove federal restrictions on medical marijuana in the states where it is allowed. "There is going to be a massive, massive market," says Troy Dayton, CEO of ArcView.

That has prompted ArcView's 470 member investors to pour some $41 million into 54 weed companies of late. Recipients include Eaze, which aims to be the Uber of pot delivery (it got $11.5 million), and Medicine Man, a Denver dispensary that nabbed $1.6 million.

Today there are about 300 publicly traded cannabis companies vs. just 13 in 2013. Among those 300, 40 raised a total of $95 million in 2014 and the first quarter of this year. (A few cannabis companies are sketchy: The Securities and Exchange Commission has delisted five stocks for pump-and-dump schemes.)

Until recently the reputational and legal risk kept institutional investors away. The window cracked open earlier this year when billionaire Peter Thiel's investment firm Founders Fund made a multimillion-dollar investment in Privateer Holdings, which raised $82 million for its cannabis businesses, including Marley Natural (in partnership with the family of the late reggae singer Bob).

"THE INDUSTRY IS LOSING ITS TAINT AS A DRUG INDUSTRY AND IS BECOMING A MUCH MORE SOPHISTICATED MARKET," SAYS SCOTT GREIPER OF VIRIDIAN CAPITAL ADVISORS.

Today at least seven small financial firms, such as Poseidon Asset Management, Salveo Capital, and Emerald Ocean, are raising money to fund pot companies. Even some family offices are investing, according to Viridian Capital Advisors, a firm that tracks the category.

"The industry is losing its taint as a drug industry and is becoming a much more sophisticated market," says Scott Greiper, Viridian's president. Advanced lighting, soil, and cultivation systems are being developed. Data analytics promise to reveal what's selling at retail and track marijuana from seed to sale. Biotech companies are trying to pinpoint the strains of cannabinoid that can benefit diabetes, epilepsy, and glaucoma. Those advances, he says, are in turn attracting more seasoned investors.

Like any other market, pot now has an industry association, trade publications, women's entrepreneurship conferences, vocational schools (for growers), and a 13-week startup accelerator program called CanopyBoulder. This year CanopyBoulder will help 20 cannabis startups launch, offering $20,000 investments for 9.5% stakes.

There are marijuana-focused services like law firms, public relations firms, marketers, accountants, insurance companies—even janitorial services. They tout special knowledge about cannabis regulation or, in the case of the janitors, expertise in odor containment.

For all the excitement, getting a company started isn't easy. Marijuana is still illegal in the eyes of the federal government. As a result many banks won't do business with companies that touch the plant, forcing them to hop from bank to bank or pay vendors, employees, and taxes in cash. "I've lost five banks, and a colleague has gone through 19 banks," says John Davis, owner of Northwest Patient Resource Center, a dispensary in Seattle. To avoid becoming a target for criminals, Davis spent $100,000 outfitting his operations with concrete walls and layers of security for the times he has to deal in cash. (Last month a federal bill was introduced that would shield banks from potential liability for serving legal marijuana businesses.)

The U.S. tax code also prevents marijuana operations from claiming any business expenses on their taxes, and federal law prohibits distributing cannabis products across state lines. So if a company wants to expand, it needs to open a new plant in another state. "Everything in this industry is harder, and it's constantly evolving," says Privateer Holdings CEO Brendan Kennedy.

The prospect that the roadblocks will disappear appeals to pioneers, says Dayton. Competition meanwhile is limited. As he puts it, "The opportunity to be a market leader is wide open."

Yes, There's an Uber for That

MORE AND MORE SERVICES FOR SMALL BUSINESSES ARE AVAILABLE ON DEMAND, ON YOUR PHONE. *By Jennifer Alsever*

In seconds, it seems, the word "uber" has expanded from a brand (taxis, driven by freelancers, accessible via a simple smartphone app) into a business model. An increasing number of app-based services now let you get things done from anywhere: your office, the road, even a vacation. Need an emergency power cord—or IT help or even an adviser—for an out-of-town presentation? Just let your fingers do the walking—on a series of apps that make business easier for entrepreneurs.

SHIPPING

If you're on the go, you probably don't have the time to hunt for an empty box and packing tape and stand in line at FedEx. New smartphone apps **Shipster** and **Shyp** will send a courier to you—whether you're sitting in your office or at a coffee shop—within 20 minutes, then box your item and send it on its way. Shyp offers its service in Los Angeles, Miami, New York City, and San Francisco, while Shipster serves New York City and San Francisco (and also does crosstown delivery).

TEMPORARY STAFFING

You're out of town, and a worker walks off the job unexpectedly at your restaurant (or your warehouse … or your infotech startup) 150 miles away. **Wonolo** lets you post your empty job and find a temporary fill-in within 10 minutes, tapping into a pool of prescreened contractors. You pick what you'll pay, and Wonolo charges a 25% finder's fee. The service is now available in Los Angeles and San Francisco and should be expanding to five more cities this year.

IT HELP

If your computer crashes when you're on the road (or even at home), apps can provide a nearly instant lifeline. **Boomtown** will connect you via video within a minute to an IT expert who will use your phone's camera to remotely help with point-of-sale hardware, broadband, or computer software. The cost: $1 a minute. (If necessary, Boomtown will dispatch a technician on-site within four hours.) **Geekatoo** offers $99 monthly subscriptions for small businesses that guarantee 10 on-site visits and provide unlimited remote help from 6,800 tech specialists across the country. They can show up at your office within 24 hours, or if you book an on-call geek (for a product launch or big project), they can arrive within 30 minutes.

GOFER

Don't have time to pick up an extension cord before a big client presentation? An app called **Postmates** will send a courier to pick it up and deliver it wherever you might be, even in the parking lot of a client's office. Postmates has 10,000 contractors on call in 24 metro areas who can deliver items within an hour for a $5 to $20 fee, plus tip.

ADVICE

Clarity aims to be a sounding board for entrepreneurs who need help on a business problem fast. The app lets you search more than 10,000 vetted experts and request a conference call at prices ranging from $1 to $161 per minute. You can also post or browse questions and answers free and participate in video events on various topics with other entrepreneurs.

ALL ICONS COURTESY OF COMPANIES

ILLUSTRATION BY PETER DIAMOND


THE POWER TO CHANGE THE COURSE OF EVENTS.
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THE ALL-NEW RAM PROMASTER® CITY
BUILT FOR ALL HOURS
BEST IN CLASS PAYLOAD
1,883 LB
5-YEAR 100,000 MI.
LIMITED POWERTRAIN WARRANTY
BEST IN CLASS CARGO ROOM
131.7 CU-FT

Winning with STEM

These five National Solve for Tomorrow Winners have shown what STEM can do for their communities—and their futures.

IT WAS THE DAY THESE STUDENTS HAD BEEN WORKING toward all year. On a sunny spring afternoon, the five 2015 Samsung Solve for Tomorrow winning teams were gathered in Washington, D.C., to celebrate what they had accomplished with their STEM (science, technology, engineering, and math) projects. The competition encourages students to apply STEM concepts learned in the classroom to solve real-world problems in their communities.

A highlight of their time in the nation's capital was a luncheon held at the Ronald Reagan Building. The event featured former New Hampshire Sen. John E. Sununu and former Mississippi Gov. Haley Barbour, both of whom spoke about the importance of STEM careers and the role that science and technology play in creating jobs for the 21st century. As the students from California, Nevada, Washington, Mississippi, and Pennsylvania waited to enter the impressive Pavilion Room, they reflected on the time and hard work their projects demanded, and how excited they were to find out they had won.

Galena High School
Reno, NV

"It was really cool, and we were jumping up and down the day we found out we were one of the five winners," recalls Jacquelyn Leung, a freshman at Galena High School. She and her teammates created adaptive equipment to help ease the daily challenges, such as opening water bottles or typing on a keyboard, faced by wheelchair-bound students. The Galena team designed 21 prototypes—aided by the use of a 3-D printer—and are working with a patent attorney to help distribute their designs to other schools.

Downtown College Prep
San Jose, CA

The students at Downtown College Prep addressed an issue of critical importance to their state: water conservation. They designed an affordable, easy-to-install water conservation system that allows homeowners to reduce their water consumption by 20%. Teacher Luis Ruelas explains that all the parts the students used are available at any home improvement or hardware store; directions for setting up these home systems are available on the school's website.

Hudson's Bay High School
Vancouver, WA

Perhaps one of the more creative projects of this year's contest was the recycling initiative at Hudson's Bay High School. The students used a paste of mushroom mycelia to essentially "eat" the cardboard and paper waste in their school district; in the process, they grew oyster mushrooms. Teacher Steve Lorenz says the district's culinary students will use the resulting mushrooms as an ingredient in high-protein veggie burgers, which can then be sold.

PHOTOS: BELOW LEFT: SAMSUNG; MARGARITA CORPORAN (3)

LEFT: Sebastian Aguilar, Michelle Duong, and Esmerelda Yepez (from left) of the Downtown College Prep team head to the Ronald Reagan Building in Washington, D.C., to celebrate being named one of the five winning schools in the 2015 Samsung Solve for Tomorrow Contest. CENTER: Cedric Hitzman-Anzjon, a student at Hudson's Bay High School in Vancouver,

On April 29, the five winning schools from the 2015 Samsung Solve for Tomorrow Contest gathered in Washington, D.C., to celebrate a year of hard work and accomplishment. Pictured here are students and teachers from Galena High School, Reno, NV; Downtown College Prep, San Jose, CA; Hudson's Bay High School, Vancouver, WA; Nicholson Elementary School, Picayune, MS; and Northwest Pennsylvania Collegiate Academy, Erie, PA.

Nicholson Elementary School
Picayune, MS

The students at Nicholson Elementary are getting a jump on the fascinating field of robotics. They created a prototype robot that can survey local flooding areas caused by obstructions in storm drains. Makayla Stewart, a sixth-grader, says, "We've been working on this since September, and when we found out we won, everyone was so excited." The students ultimately presented their findings to city officials along with an estimate of the cost.

Northwest Pennsylvania Collegiate Academy
Erie, PA

The students here recognized a lack of fresh produce—and the room to plant it in the city's urban setting. As a result, they designed vertical gardens capable of growing fresh fruits and vegetables. Madison Heeter, a junior, was considering studying oncology in college but after her STEM experience is now leaning toward biomedical engineering. "I've seen the impact that STEM can have," says Heeter, "and it would be cool to have a career that continues to let me do that."

THESE FIVE PROJECTS best demonstrate the power of using STEM to make the world a better place. As such, Sen. Sununu shared with the luncheon guests his take on the vital role STEM plays, not only in our economy, but also in helping students hone analytical skills that allow them to be successful in whatever career they choose. "I hope our students go after what excites them," he said, "and the rewards will come."

WA, was part of a team that figured out a way to use a paste of mushroom mycelia to "eat" paper waste in their school district. RIGHT: Ann Lander (left), a high school mentor, and Makayla Stewart, a student from Nicholson Elementary School in Picayune, MS, review their project results as they wait to meet with their congressman, Steve Palazzo.

A SERIES FROM THE EDITORS OF FORTUNE AND Sports Illustrated

A RACING CHAMP'S HIGH-OCTANE ENCORE

More than 20 years after retiring from auto racing, Mario Andretti has built a business portfolio around two liquid assets: gasoline and wine. *By Andrew Lawrence*

ANDRETTI: MICHAEL HICKEY—GETTY IMAGES; RACE: NEIL LEIFER—SPORTS ILLUSTRATED

Andretti watching a practice run at the Indianapolis 500 (top) and en route to winning the Indy 500 in 1969 (above, in middle car)

NAZARETH, PA., a sleepy Lehigh Valley town some 90 minutes from New York City and Philadelphia, is known for one great tourist attraction: the Martin Guitar factory, where fine instruments have been produced for more than 150 years. The village has another potential cultural draw, but it remains largely hidden from outsiders—because Mario Andretti doesn't open his house to the public.

If people could poke around Villa Montona, the 27-acre estate of the 75-year-old racing great, they'd be impressed. In addition to the Lamborghini in the garage, there's a stockpile of trophies, plaques, and other mementos that sit three deep in display cases on the first floor. Most are from Andretti's racing career, which spanned five decades and included 111 wins and four IndyCar series championships. But others, like his designation as a Living Legend by the Library of Congress, are also a testament to his post-racing life as an eclectic entrepreneur and investor—one who earns much more today than


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he ever did behind the wheel.

Being surrounded by souvenirs lets Andretti do something he did not do when he won them—savor his achievements. “Back then I just focused on work,” says Andretti. “Nothing was going to stand in my way.” He inherited this determined streak from his father, a farm administrator bent on ensuring a brighter future for his family after World War II. The family’s hometown, Montona, Italy, was annexed by Yugoslavia after the war (it’s now part of Croatia). After seven years in an Italian refugee camp, the Andretti family arrived in Nazareth in 1955 with $125.

Mario was then just 15. Three days into their American life, he and his twin brother, Aldo, got their first glimpse of dirt-track racing, at Nazareth Speedway. Four years later they were building stock cars, and Mario was passing himself off as a 21-year-old so he could score a racing license.

Andretti started racing professionally in 1964—in stock cars, sports cars, and single-seaters—and found triumph at every turn. In winning the 1967 Daytona 500, the ’69 Indianapolis 500, and the ’78 Formula 1 championship, he became the first to complete the rarest trifecta in racing. What drove him was a desire to provide for his three children and his wife, Dee Ann Andretti, a Nazareth native. (They’ve now been married for 53 years.) “I was lucky to have a woman who really supported me,” Andretti says. “She probably would’ve liked to have picnics and Fourth of July barbecues. But I’m working on all the holidays, all the Sundays.”

Many fans were surprised that Andretti kept racing into his fifties, but the idea of retirement spooked him. When he did decide to hang up his fire suit in 1993, at 53, it was with the ’94 season—his Arrivederci Tour—still to race. “I really didn’t have a plan,” he says. He did

NEIL LEIFER—SPORTS ILLUSTRATED

Andretti being carried on the shoulders of racing-team owner Andy Granatelli after winning the 1969 Indy 500

have money; he had earned more than $11 million on the track and also got paid for licensing deals, speaking engagements, and endorsements. But that wouldn’t be enough to finance the racing endeavors of Andretti’s sons, Michael and Jeff, and his nephew John, and living off savings wouldn’t satisfy his own high-revving spirit.

Adjusting to a slower pace, Andretti began to leverage some of his assets: a name synonymous with speed and experience marketing it. Andretti’s business manager, John Caponigro, a former legal counsel to the CART racing series, encouraged him to parlay his corporate affiliations into something more lasting. To that end, in 1997 Andretti partnered with M.J. Castelo, a former Texaco marketing executive, to create Andretti Petroleum, intending to build it into a wholesale fuel distributor and chain retailer.

Today that company, along with related entities, owns 37 gas stations in California. Andretti talks with Castelo several times a week about everything from front-end planning to closing deals. “He’s got a great seat-of-the-pants feel for business and a pretty uncanny knack of being able to work with and read people,” says Castelo. While Andretti Petroleum declined to provide revenue figures, Andretti says the business is his family’s biggest source of income and “probably the best thing that could have happened to us as far as stability.”

> “[ANDRETTI HAS] A GREAT SEAT-OF-THE-PANTS FEEL FOR BUSINESS AND A PRETTY UNCANNY KNACK OF BEING ABLE TO WORK WITH AND READ PEOPLE.”
> *—M.J. Castelo*

Andretti’s true off-road passion, however, is wine. A regular visitor to Napa Valley, he had befriended winemakers who invariably cautioned him against risking money in such a fickle game. But an Andretti wine sold through a licensing deal in 1994 was so successful that the following year he and Joe Antonini (the CEO of Kmart, a longtime racing benefactor) bought a distressed Napa vineyard. “It was a weak moment in my life,” Andretti says now, sarcastically.

After considerable investment to overhaul the vines and the staff, the Andretti Winery opened in 1996. It now distributes 30,000 cases a year across 30 states. As a business it holds its own, Caponigro says, but Andretti sees it as a labor of love, not a meal ticket: “I don’t want it to get any bigger.”

Wine and fuel provide just two of Andretti’s revenue streams. He still does a range of endorsements and earns money driving, via the Andretti Experience, a white-knuckle ride-along that he gives to fans at IndyCar races in a specially made two-seater. In other words, he’s nowhere near ready to idle around his house. “I can definitely say I’m still living the dream,” he says.

5 Ways to Lead Better Meetings

Rambling speeches, pointless information, endless sessions—we've suffered through them all. Help your team—and yourself—with these tips.

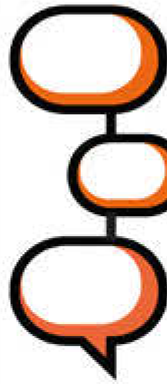
By Verne Harnish

START ON A HUMAN NOTE

To build cohesion, it's important for your team to know one another on a personal level. That's easy when your company is tiny but harder as you grow. So start meetings with ice-breaker questions. Rob LoCascio, CEO of LivePerson, a New York City–based messaging technology firm that has grown to more than 300 people, opens gatherings by asking personal questions like, "What was a crossroads in your life?" and "What was one time you felt connected to a team?" Need ideas on what to ask? There are many lists available online.

OFFER AN ESCAPE HATCH

Nothing is more draining than attending long, boring meetings. At PulsePoint, a $100 million advertising technology company in New York City, CEO Sloan Gaon gives his employees a "Meeting Attendee's Bill of Rights" that lets them decline (or abandon) office gatherings that don't meet certain criteria, such as have a written agenda or start within 10 minutes of the scheduled time. "It has forced people at every level to justify their meetings," Gaon says.

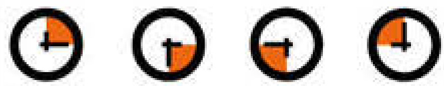


BAN MEANDERING MONOLOGUES

Don't let leaders torture their teams by stumbling through written notes and PowerPoints. At Hubbard Family Swim Schools and Sports Camps, a Phoenix-based company with $6 million in revenue, CEO Bob Hubbard insists that his shift supervisors practice reading a short "Monday memo" out loud on their own before they deliver it to the teaching crew. That way their message really sings. "Otherwise, it is flat and people will tune you out," says Hubbard.

OUTLAW STATUS REPORTS

Use dashboard technology to keep up with the progress of projects in real time so you can devote your meetings to debate and decision-making that require everyone in the room. If there is some critical information that all team members need to review, give them time to read it at the start of the meeting. People can read two to five times as fast as they can speak. And keep the meeting minutes short and sweet. A simple "Who said they are going to do what when?" should suffice.



BATCH YOUR MEETINGS

Many companies think they are doing executives a favor by spreading out management meetings throughout the week. Big mistake. It disrupts the flow of the rest of the week. At my own firm, all management meetings are back to back on Mondays. That forces them to start and stop on time, and it lets me stay in decision-making mode. Then I'm free the rest of the week to get out into the marketplace and see clients. Those are the meetings you don't want to minimize.

VERNE HARNISH IS THE AUTHOR OF *SCALING UP*.

ILLUSTRATIONS BY MARTÍN LAKSMAN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SOFT POWER

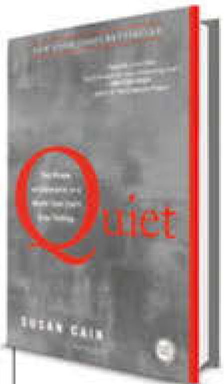
Author Susan Cain is making sure that business saves a seat for the reserved.

By Patricia Sellers

SUSAN CAIN was a high-paid corporate finance lawyer before she quit the law and wrote a bestselling book called *Quiet: The Power of Introverts in a World That Can't Stop Talking.* Her successful literary debut, along with a TED Talk that has attracted 11.3 million views, has made Cain, 47, the world's best-known expert on introverts. Now she's redirecting her expertise into a startup that aims to help businesses manage their introverted employees.

The company, which she founded with Paul Scibetta, a former senior executive at J.P. Morgan Chase, is called Quiet Revolution. (Cain gave herself the title of chief revolutionary; Scibetta is CEO.) The two have already—rather quietly—signed up some big clients. One, Procter & Gamble, is using Quiet Revolution's online training programs and learning tools to help its employees in R&D "understand their strengths and leverage them rather than pretend they're extroverts," says Kathy Fish, P&G's chief technology officer. After seeing Cain's TED Talk, P&G executives invited her to come in and speak to R&D managers and technicians in its beauty care division. "We're planning to take the pilot program broad across all of R&D," says Fish, who calls herself a big-time introvert. "That's 8,000 people."

Introverts constitute a bigger market than you might think—in part because they're sometimes hard to identify. Some introverts are actually outgoing and even comfortable in crowds, but they get energized by retreating and by focusing deeply on a subject. (That's me.) Extroverts, in contrast, derive energy by interacting with friends and strangers alike; they're typically assertive, go-getting, and comfortable with conflict. Ambiverts are an introvert-extrovert combo. Cain says that introverts make up more than a third of the workforce and they're more common in technical fields. Indeed, Fish believes that more than half of her R&D staff at P&G is introverted.



Cain, author of the bestselling *Quiet,* has launched a company to help corporations like Procter & Gamble benefit from people who are inwardly focused.

Quiet Revolution, which is launching a website, QuietRev.com, in June, will cover three categories: kids, life, and work. Opportunity lurks in the work category because many managers don't understand introverts. For instance, Steelcase CEO Jim Keane, a self-described ambivert, invited Cain to meet with his office-space designers after he heard her interviewed on NPR saying that she dislikes modern American offices because "they're set up for the needs of extroverts." Steelcase, Keane notes, "has provided many of those offices." And while his company had done research on privacy, Cain convinced him that "there were things about introverts we weren't addressing." A year ago Steelcase launched Susan Cain Quiet Spaces, a line of five workspaces that employees can configure to be alone and unseen.

Still viewing herself as a reserved author who "never expected to enter the business world," Cain can hardly fathom that she's an entrepreneur. Two years ago, eyeing opportunity and realizing she needed help to start a company, she recruited Scibetta, an extrovert who had worked with her at law firm Cleary Gottlieb and later headed J.P. Morgan Chase's private bank in Asia. The co-founders have raised $4.5 million, mostly from CEOs and asset managers Scibetta knew from his banking days.

They also have a few key advisers who can personally relate to the mission. One is Doug Conant, whose shyness was such a handicap when he was CEO of Campbell Soup that he developed a tool to help him explain himself and his leadership style to his managers. "Finding ways to engage introverted employees is incredibly intriguing to me," says Conant, who now chairs Avon's board and runs his own consulting firm, Conant Leadership. Quiet Revolution is selling Conant's tool, Declare Yourself, proposing that introverts anywhere can scale the *Fortune* 500—just as he did.

CAIN: COURTESY OF MICHAEL GLASS; BOOK: COURTESY OF QUIET REVOLUTION

SOARING ABOVE THE NEW ECONOMY

The Embraer Legacy 500 is the first midsize business jet with a six-foot, stand-up cabin.

BUSINESS AVIATION OFFERS INNOVATIVE FLYING AND FINANCIAL SOLUTIONS IN RESPONSE TO GLOBAL BUSINESS NEEDS.

CORPORATE FLIERS are on track to have a banner year. Fuel prices are low, which means companies that utilize private aircraft to close new deals and keep their existing operations humming are using them more aggressively. Also, the economy is rebounding, which means there's new business out there and the groups that move their people most efficiently have the edge.

In fact, according to a statistical survey just released by Jet Support Services Inc., the healthcare industry boosted its corporate flying by 17% in the first quarter of this year. The construction industry saw a 14% bump, and leaders in finance a 10% increase. Globally, flight hours increased by 7%.

So here's the question: Are you as responsive and light on your feet as your competition? Can you move your engineers, executives, and representatives as fast as you need to when opportunity knocks—or crises emerge?

There's little doubt that corporate aviation boosts your bottom line. Everyone from Bass Pro Shops founder Johnny Morris to legendary financial wizard Warren Buffett has publicly endorsed the benefits recently. (Of course, Buffett's Berkshire Hathaway has owned business jet charter NetJets since 1998, which is a pretty legit endorsement of the practice.) But it has to be approached smartly and strategically. Do you purchase a jet outright, or lease? Do you ease in with a few charter flights, or take a slice of the action via fractional ownership of a business jet? Maybe it's a combination of several of these options, along with selective use of commercial aviation.

Regardless, having more arrows in your resource-management quiver is far better than having just one, especially if that one is United, Delta, or American and all your arrows are standing in line at airport security.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Fortunately, the business of business aviation is making it easier than ever to diversify your mobility. New aircraft are increasingly faster, more efficient, and more versatile; customer support services are designed to make ownership a breeze; and finance strategies that permit a huge variety of entry points can make the decision a rock-solid investment for companies at any size and level.

INNOVATION IN THE SKY

There's a well-known mantra in both commercial and private aviation along these lines: If it isn't faster, better, and cheaper to fly, we don't want it. For that reason, aircraft makers including Embraer, Cessna, Bombardier, and Gulfstream all strive to make every new product significantly better than the ones before it.

Indeed, if relying on past successes were a sound strategy, Gulfstream could rest on its laurels, having designed and built some of the world's most respected and commercially successful business aircraft in history. But Gulfstream leadership knows that the key to future growth is customer-centric innovation. The company, owned by General Dynamics, is demonstrating this skill with the new G500 and G600, its newest large-cabin, long-range aircraft.

The unique size, speed, and efficiency of these two aircraft allow them to dovetail nicely into Gulfstream's existing fleet which includes the mid-cabin G150, the super-mid G280, the large-cabin G450/G550, and the flagship G650 and G650ER.

According to Steve Cass, Gulfstream's vice president, technical marketing and communications, "Speed is an important factor in our fleet. [Customers] need to get more done in a short time frame, whether they are covering multiple cities in a single day within the U.S. or doing a high-speed trip to China and back."

But technological innovation is not the only key to Gulfstream's success. A responsive design process has given the company well-rounded insights into possible improvements: Since 2004, the jet maker has actively included customers in the development of new aircraft through its Advanced Technology Customer Advisory Team. This team consists of valued customer pilots, mechanics, cabin attendants, and other team members who weigh in on everything from cockpit upgrades to cabin lighting, layouts, and galleys on new aircraft.

Also, the industry overall is investing in significant flight deck upgrades to minimize pilot fatigue and enhance situational awareness. Their avionics automatically prioritize information based on what the crew needs to see, and advanced sensors can provide high-definition views of the terrain ahead regardless of weather conditions or darkness. Elsewhere, engineers and aerodynamicists are developing innovative designs that reduce fuel consumption and carbon emissions, and which also can permit more passengers or cargo to fly or for the aircraft's range to increase.

Finally, because passenger comfort is key, cabins increasingly boast more natural light, seats with improved adjustability, and reduced cabin noise, thanks to advanced engine design strategies and soundproofing techniques.

Interior luxury and long-haul capability make the Gulfstream G650 a top business jet.

RESPONSIVE CUSTOMER SERVICE

As a company grows, customer support often loses itself in the shuffle. This is as true for aircraft manufacturers as it is for carmakers and smartphone manufacturers. You have to support your products so that they're utilized to their fullest and always ready for action.

To that end, Brazilian manufacturer Embraer Executive Jets keeps its customer edge amid record growth. According to the General Aviation Manufacturers Association (GAMA), Embraer's Phenom 300 light jet has been the most delivered business jet for the past two years. Certainly, the company's roots are in the airline sector, where reliability and operating economics are essential for success. Embracing those priorities has led to the Brazilian builder's dominance


LEGACY® 500
BY EMBRAER

in the regional airliner market and has also led to successes in the private aviation industry for well over a decade.

But another key reason that the company's products are resonating with buyers is its reputation for superior product support. Embraer recognizes that there are few events more empowering than purchasing a new business jet—and few more frustrating than an aircraft sitting on the tarmac, unavailable for mechanical reasons. The company's leadership is committed to supporting its worldwide fleet with responsive service after the customer has taken delivery. That effort is paying off. According to *Aviation International News'* magazine's annual product support survey, Embraer was recognized—along with Gulfstream—for industry-leading technical support.

When you're looking at a tremendous investment

such as a business jet, this must be weighed with as much care as fuel efficiency, range, and passenger capacity. After all, business jets aren't minivans that can subsist on new oil and tires every few months. They require complex engine maintenance, avionics upgrades, and routine service mandated by law. So ask about technical support, yes, but also the location of regional repair and maintenance facilities—the more the better!—warranties, and crew training programs. All of these factors will affect your investment decisions.

FLEXIBLE FINANCING

In the fast-paced, highly competitive world of business aviation, innovation extends to financing as well. It has to—developing an ironclad strategy for maximizing your flight-department dollars shouldn't be managed solely in-house. Flying is simply too complex and specialized.

Global Jet Capital is meeting that need. The financing company is backed by private equity giants GSO Capital Partners (a Blackstone Company), the Carlyle Group, and AE Industrial Partners, which joined forces last fall to garner a great deal of business for Global Jet Capital.

Shawn Vick, a partner at AE Industrial and executive director and chairman of the executive committee for Global Jet Capital, says the company's goal is to be a more flexible alternative to the traditional aircraft financing offered by banks. Vick says Global Jet Capital offers "smart, nimble capital," which he says enables companies to make sound business decisions with less bureaucracy.

According to Vick, Global Jet Capital is leading a transition from the traditional credit-based model to more progressive asset-based financing, which, he says, appeals to both large corporations and ultra-high-net-worth individuals. Its lead product is an operating lease, which offers key advantages to business jet buyers such as eliminating residual value risk while keeping the asset off a company's balance sheet.

Global Jet Capital is focusing on the upper end of the market, with an eye toward financing large-cabin, long-range aircraft. Vick—who has been involved in thousands of aircraft transactions in his career—says this strategy stems from one of the key lessons learned during the 2008 economic downturn. "The upper end of the market bounced back very quickly," he says. "By 2010 and 2011, the long-range, large-cabin aircraft were back on track." By 2012, he says, the order backlogs were building and there was significant market demand for those aircraft. "So we focused on what we know," he adds.

SAVING TIME

Embraer Executive Jets president and CEO Marco Túlio Pellegrini recently announced that the manufacturer's new midsize Legacy 500 broke four speed records.

Of course, speed records were once something of a public relations gimmick, a clever way to gain attention for a new aircraft. That has changed, though. In the current competitive climate, speed records demonstrate to potential buyers that manufacturers understand the importance of performance and, more critically, time.

Whether flying across state lines or across the international dateline, time remains business leaders' most precious commodity. And until the time machine is successfully invented, the high-performance business jet remains the best ticket you can buy.

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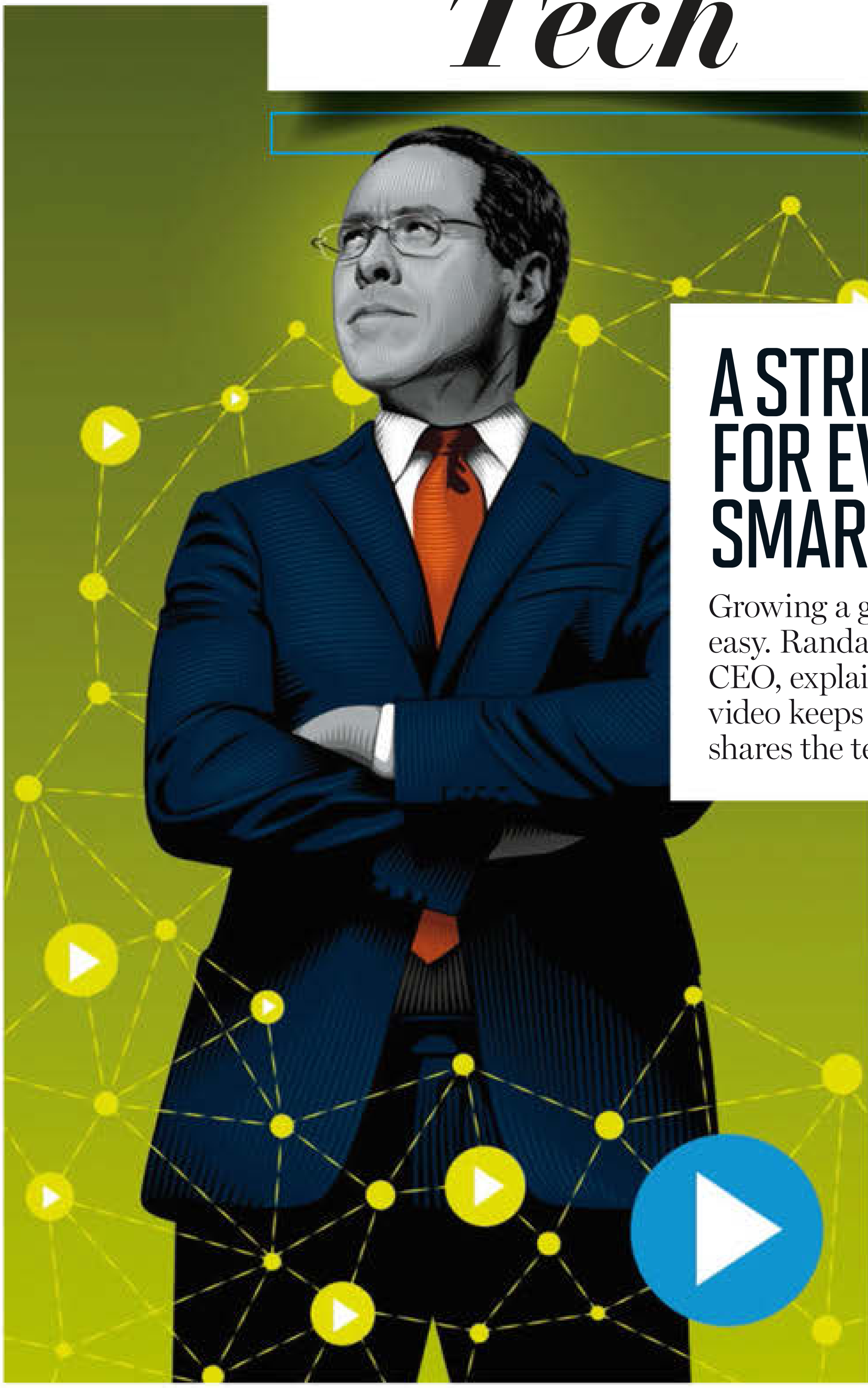
Tech



ORIGINAL PHOTO: ROBYN TWOMEY—CORBIS

Software-defined networking is an "elegant" technology, Stephenson says.

CONNECTED

By Jonathan Vanian

A STREAM FOR EVERY SMARTPHONE

Growing a global network isn't easy. Randall Stephenson, AT&T's CEO, explains why streaming video keeps him up at night—and shares the tech he thinks can fix it.

What's the most exciting thing happening in your industry right now?

You're going to find this horribly boring, but it's this concept called software-defined networking. You're managing a massive global network the way you'd manage a cloud-based data center. It's a little geekish, and only the white-socks guys and knuckle-draggers in the industry appreciate it, but it's actually going to change how businesses operate. It's hard to help the general businessman understand this concept.

Right. It allows you to use cheap network-

ILLUSTRATION BY TRACIE CHING

ing hardware instead of proprietary machines. Why is this technology so important to you?
I'll give you an example. This year's Masters Golf Tournament came at an interesting moment in time. Over that weekend Apple released an iOS update to all of its users, the Masters was streaming over the Internet, and there was the debut of *Game of Thrones*. All of this was coming across the same peering point [where Internet networks connect] in our various networks, and the end customer had a miserable experience. In a software-defined network, we could have redistributed and managed that capacity in real time.

That makes sense.
If you look at our core network, since 2007 the volume that we're hauling by virtue of smartphones and video is up 100,000%. And we're looking out to 2020, and engineering and designing to accommodate another 10X growth in volume across the network. You're seeing this kind of mismatch playing out that has tormented us. Capacity and performance are scaling according to Moore's law, but networks around the globe are not.

Why should other businesses care about this technology?
Security is a big one. You're a bank, and you're standing up new branches; you're a retail company, and you're expanding. The ability to stand up and provision services in hours and not a month and a half is a big deal. The ability to monitor your service on the fly as it suits your needs—it's going to change how businesses operate.

Let's switch gears. Verizon is paying $4.4 billion to acquire AOL. Tell me, how should people understand this deal?
Am I on the record?

Yeah.
What this deal is reinforcing to people is that video, mobile video, is the real deal. Right? And over-the-top video [nonproprietary Internet video] is the wave of the future. And the way people will consume video is already here. Half of our mobile network traffic is video now, and it's really growing fast. Verizon has obviously made a move that reinforces that idea that mobile video is here to stay and is going to grow at a rapid pace. Our DirecTV merger is more about mobile video than home video. It's an opportunity to have content that we can now begin to distribute over all of our mobile devices. We have 100 million mobile customers that we intend to distribute this video to. I would view it in that context.

Do you view software-defined networking as a way to do that—to transmit information to all those people?
Yeah. So you think about this 100,000% growth in traffic since 2007—that was mobile Internet–driven. You think about this 10X growth between now and 2020—that is mobile video–driven. Without software-defined networking I don't think the industry keeps up with these kinds of volumes. Without software-defined networking [Netflix CEO] Reed Hastings is going to continue to scream about how slow peering points are. You have to have this technology to accommodate video traversing these kinds of networks.

Can you liken this to another moment in time when you saw this kind of change?
Oh, yeah: cloud computing. We talked about the cloud for years, and people didn't know what it was. Then all of a sudden you pick your head up, and it's real. Amazon is real. IBM has bought SoftLayer. The cloud is the basic way by which they do customer interaction for compute and storage and so forth. Five years ago we were all talking about it and sounding smart by saying "cloud." Now everybody knows what it is. SDN is that significant.

POLICY

A NEW FIGHT FOR NET NEUTRALITY

"STOP BURNING DATA WHEN YOU STREAM MUSIC," T-Mobile proclaims in a recent promotion. The mobile carrier's pitch sounds simple enough—streaming songs won't count against a subscriber's monthly data plan. But for the FCC and the telecom industry, the offer is a hornet's nest. The issue? Such plans are technically violations of "net neutrality," a policy that forbids Internet providers from favoring some types of web traffic over others. In February, after a bruising political battle, the FCC declared that net neutrality is the law of the land. But the fight was fought over Internet providers slowing down websites—not the use of financial incentives to encourage choosing some types of content over others. It's only the tip of the iceberg. Mobile giants AT&T and Verizon plan to swallow video companies [DirecTV and AOL, respectively] whole, meaning we may soon see offers that let subscribers watch certain shows free of data caps. Consumer-friendly? Sure. But critics suspect it could be a back door for the content discrimination that net neutrality is supposed to prevent. —*JEFF JOHN ROBERTS*

ILLUSTRATION BY MARTÍN LAKSMAN


BREITLING
BREITLING
BREITLING JET TEAM
AMERICAN
TOUR

WELCOME TO OUR WORLD
BREITLING
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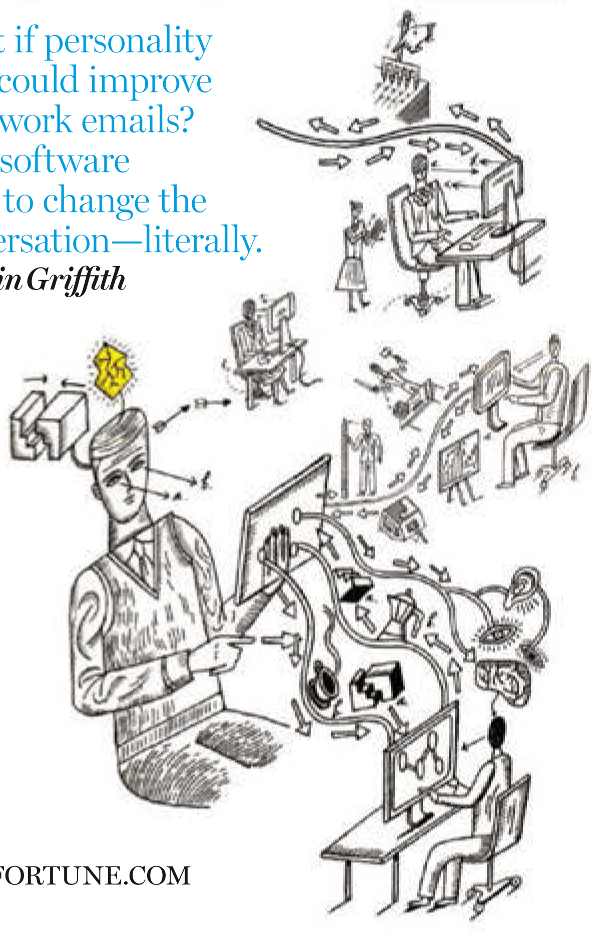
INSTRUMENTS FOR PROFESSIONALS™
CHRONOMAT 44
BREITLING JET TEAM
AMERICAN TOUR

EMPATHY, THANKS TO ALGORITHMS

What if personality data could improve your work emails? New software aims to change the conversation—literally.

By Erin Griffith



LIKE MANY BUSY executives, Sean Ammirati, a partner at Birchmere Ventures in Pittsburgh, had a habit of firing off a series of tired emails after his kids went to bed. Slogging through your in-box late in the evening is so common in the technology industry that some call it the third shift. But recently Ammirati realized just how mindless—and possibly ineffective—those emails were. All it took was a new piece of software called Crystal. “Be concise,” it urged him as he composed a rambling email to an entrepreneur. “Be logical,” it said of another missive. With each message the software suggested to Ammirati phrases to use and avoid, all tailored to his intended recipient.

Launched two months ago by a Nashville-based startup of the same name, Crystal knows the email style and preferences of just about everyone in the English-speaking professional world. It knows that Ammirati prefers short, blunt language and that I like sarcasm. If you’ve ever written anything on the Internet, Crystal probably knows how you like to correspond too. By analyzing data from publicly available sources like social media and private peer reviews on its own site, Crystal categorizes professionals into 64 personality types and extrapolates their work and communication styles from there.

Ammirati was skeptical when he installed the Crystal plug-in for Gmail, which starts at $19 a month for individuals to use. (It will cost $99 for companies.) But after a month, he’s sold. He estimates that around 80% of the 100 emails he sends each day are “semi-warm,” or sent to people he doesn’t know well. “I found it to be amazingly, magically accurate,” he says. It’s hard to measure whether his emails are actually more effective with Crystal—perhaps the introduction he wrote would have been well-received despite it—but it gives him confidence that his intentions will be properly understood. In today’s mobile-first world, anyone can dash off an email without much thought. A tool like Crystal forces the sender to think

ILLUSTRATION BY **RUSSELL COBB**


IBM Verse:
Get out of your inbox and get on with your day.
There's a new way to get more done. Powered by analytics to uncover patterns in your email, calendar and social networks, IBM Verse learns how you work and helps you prioritize your day. Get the most out of your day at ibm.com/madewithibm
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more about the person on the other side of the screen. It's like spell-check for empathy.

Such technologies are increasingly important as work communications move away from in-person meetings around a conference room table and toward virtual chatrooms and instant messages. A friendly smile makes it easy to deliver a joke to your boss in a live professional setting. But in a digital environment, should you compensate with a smiley face emoticon or an "LOL"? (The answer, for me, is no. Crystal says *Fortune* editor Alan Murray prefers a formal grammatical structure and dislikes casual greetings. My sincere apologies for all those emoji, sir.)

Companies have used personality assessments to standardize hiring and training since the invention of the Myers-Briggs test in the 1940s. But social media and its tsunami of data have made that information easier to get, no tedious test required. A new class of companies—including Knozen, a quiz-based personality app; Conspire, an email-analysis service; and Crystal—spit out similar workplace insights based on employees' daily activity and input from peers.

The rising interest in this kind of information coincides with the economy's migration from blue-collar jobs to knowledge-worker positions. It's especially prevalent in the technology industry. Human resources departments, elevated to the C-suite with titles like chief people officer (or the Silicon Valley version, chief happiness officer), have swelled in influence, and they're more willing than ever before to embrace data to make personnel decisions. That's a dramatic change from the 2000s, when companies had little interest in adopting HR software, says Knozen CEO Marc Cenedella, who at the time led finance and operations for Hotjobs.com. Today, he says, "it's almost flipped. They are interested in every new tool there is."

Beyond HR departments, Crystal has seen adoption among salespeople communicating with clients, business-development executives doing outreach, and managers who want to strengthen their relationship with their teams. Crystal founder Drew D'Agostino believes his company's personality data can help in any work situation—not just with email. Personality differences seep out in high-pressure situations, he says: "Crystal can give us the opportunity to step back and say, 'This is how I approach problems. This is how you approach problems. Let's keep that in mind when we solve this.'"

But first some of us have to get past the creepy Big Brother factor. Must Crystal broadcast, for example, the fact that I'm frequently late? It may be true (okay, it's definitely true), but I'd rather not have a scarlet "L" permanently attached to my professional reputation. D'Agostino and Knozen's Cenedella each say that my reaction—embarrassment followed by swift indignation—tends to happen when the data-driven assessment is dead-on. In other words, if an algorithm can use my digital exhaust to determine that I am habitually tardy, it's probably not a secret.

"The view existed whether or not we were there to reveal it," Cenedella says. "Our point of view is, Isn't it better for you to know, so then you can do something about it?"

I would still prefer to ruin a first impression on my own, thank you very much. But I may be an outlier. It's more common for Crystal users to be proud of their profiles and share them, flaws and all, on social media or with co-workers, D'Agostino says. For him the reaction validates Crystal's goal to improve people's understanding of one another.

"People email me, saying, 'It now makes so much sense why I had this argument with my wife, or why I hate when my boss does this,'" he says. "It's going to make relationships healthier."

MANAGEMENT

TECH'S NEXT DISRUPTION: THE ORG CHART

It's been more than a year since online retailer Zappos began its transition to a "holacracy"—a hierarchy-busting, manager-abolishing, self-governing structure that CEO Tony Hsieh says "is not for everyone." In May, Zappos revealed that 14% of its workforce departed during the switch. But it's not the first tech firm to rethink classic management. Here are two more.

Basecamp

Chicago's Basecamp, founded in 1999 as 37signals, swears by a flat structure, meaning zero managers and equal authority for all. But managing vertical ambition in a horizontal organization can be a minefield. Co-founder Jason Fried has acknowledged that his company parted ways with an ambitious employee who sought a new job title after years without a promotion. How's that for counterintuitive?

VALVE

The *Half-Life* and *Portal* videogame maker—founded in 1996 by Microsoft veterans—boasts that it allows its employees to decide how (and with whom) they spend their time. The company has installed desks with wheels so that people can move their workspaces around the office. Paradise, right? Not for everyone. A former executive admits that the company's quirky arrangement isn't all that different from dread-inducing high school cliques. —BENJAMIN SNYDER

AN IMPETUS ON INFRASTRUCTURE

From crumbling bridges to dangerously ancient gas pipelines, there's a lot of work to be done—and ready companies are beginning to reap benefits.

THE WORLD IS ON THE VERGE of an infrastructure spending boom. Between 2014 and 2025, $78 trillion will flow into infrastructure projects worldwide, according to a PricewaterhouseCoopers report released last year. Annual spending will reach $9 trillion by 2025, up from $4 trillion in 2012. This is meaningful for domestic economies worldwide—but, according to experts, the U.S. is lagging.

An April report from the U.S. Department of Energy pointed out a "lack of timely investment in ... components of [energy] infrastructure that are simply old or obsolete." The report called attention to gas pipelines, nearly half of which were built prior to 1970. Beyond energy, experts say that now is the time for the United States to repair crumbling dams and wastewater treatment plants before they become costlier to repair.

Between 2014 and 2025, $78 trillion will flow into infrastructure projects worldwide.

Transportation is no better. Deficient bridges need $76 billion in repairs and construction work, according to the American Society of Civil Engineers. And more than half the locks on inland waterways are 50-plus years old.

"It's getting to be a crisis," says Jim Hoffman, executive vice president of operations at Reliance Steel & Aluminum Co., the largest metals service center company in North America. "In the next five to 10 years, we're going to have to do these things in emergency situations."

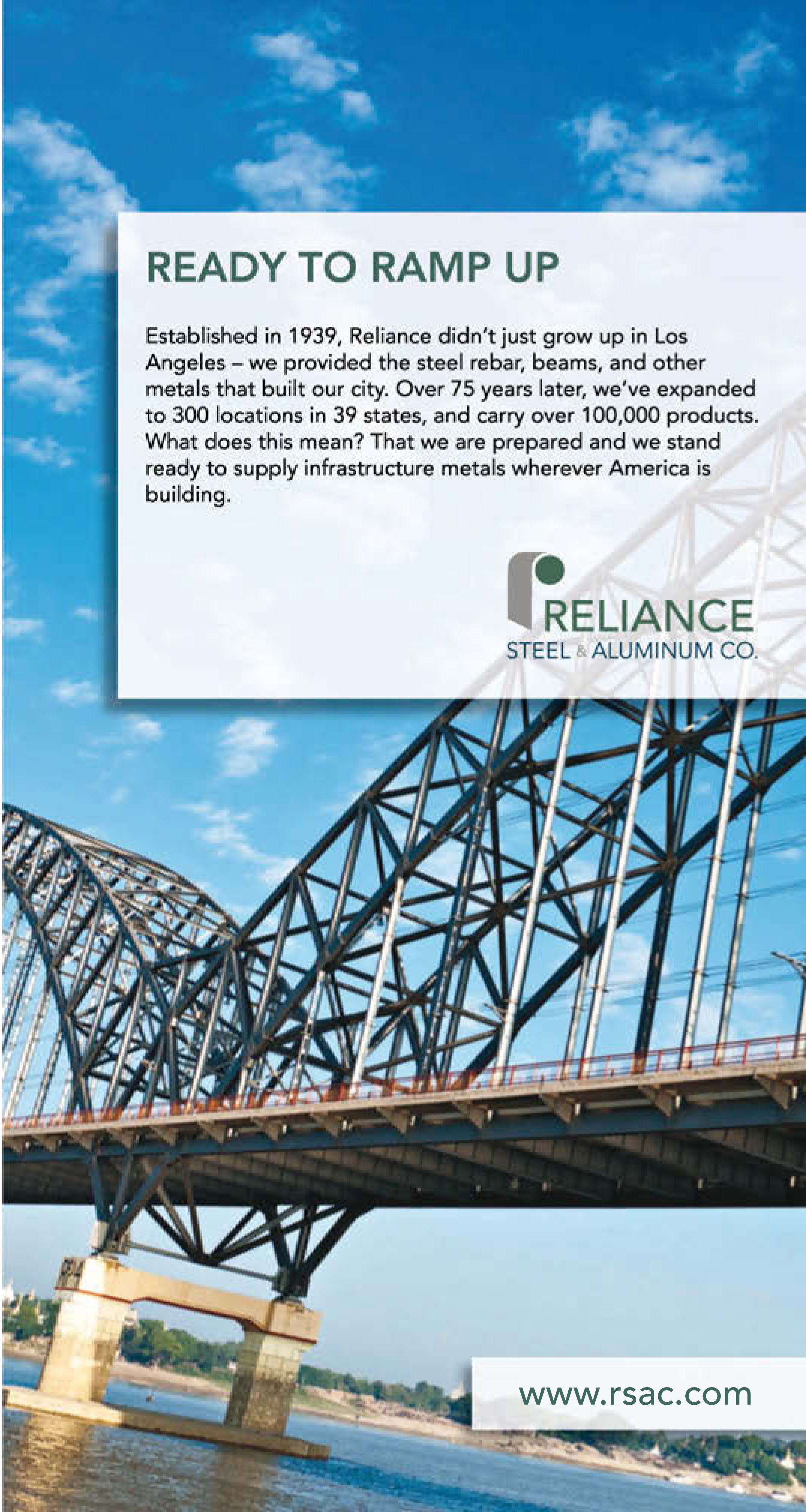
It's not too late for proactive measures, however. Governments at all levels are beginning to act, as are utilities and private contractors, at least when immediate action is required.

Companies supplying industrial materials for big projects are seeing a bump. Since 2013, infrastructure-related sales have been climbing at Reliance, whose network spans more than 300 locations in 39 states. Whether these customers are building bridges, municipal water tanks, or stanchions for the power grid, they are hiring Reliance—which has more than 35 subsidiaries operating under 75-plus brand names—to distribute metals designed to exact specifications for the projects.

Anticipating a ramp-up in infrastructure projects, Reliance is investing in its own capacity. Over the past three years, the company has poured more than $570 million into capital expenditures, including equipment maintenance and forward-looking upgrades. As demand grows, Reliance is ready to keep scaling up to serve the public and private sectors alike.

"The technology in this has vastly improved," Hoffman says. "That's the kind of equipment we've been investing in over the years."

The outlook is getting brighter, albeit gradually. The U.S. transportation construction market is forecast to grow 3.1% this year, to $192 billion, according to the American Road & Transportation Builders Association. That represents a lot of work to be done and partners ready to do it. ●



READY TO RAMP UP
Established in 1939, Reliance didn't just grow up in Los Angeles – we provided the steel rebar, beams, and other metals that built our city. Over 75 years later, we've expanded to 300 locations in 39 states, and carry over 100,000 products. What does this mean? That we are prepared and we stand ready to supply infrastructure metals wherever America is building.
RELIANCE
STEEL & ALUMINUM CO.
www.rsac.com

THE QUIET GIANTS TAKE ON THE ACTIVISTS

As huge institutions like BlackRock and Vanguard start using their clout to hold boards accountable, the influence of Peltz, Icahn, and their peers will dwindle.

By Ram Charan and Geoff Colvin

ORIGINAL PHOTOS FOR ILLUSTRATION: ISTOCKPHOTO

IT WAS THE CORPORATE VERSION of Mayweather vs. Pacquiao—DuPont CEO Ellen Kullman battling activist investor Nelson Peltz in a high-profile proxy fight over whose slate of directors should be elected to DuPont's board. And like the injured Pacquiao, it turned out that Peltz was going into the fight with a major handicap to which most of the public was oblivious.

While Kullman and Peltz spent months campaigning for their candidates, the real muscle in this recent bout belonged to three companies that the media largely

ILLUSTRATION BY SEAN MCCABE

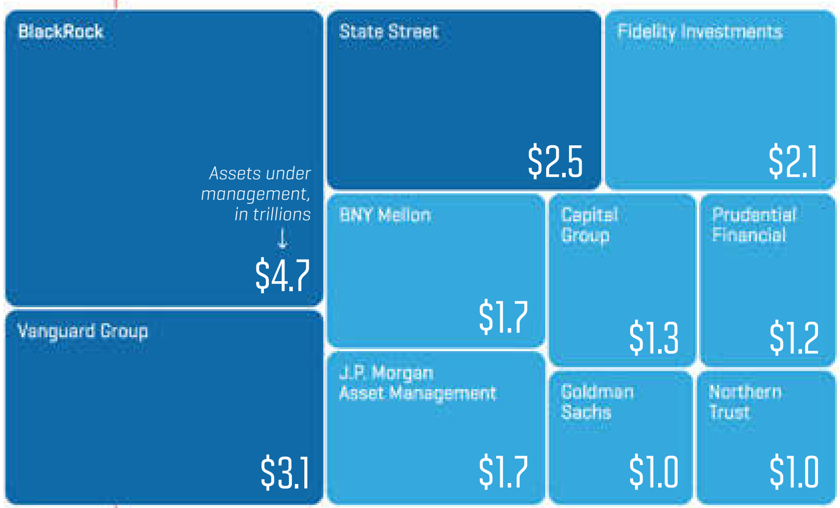
ignored: BlackRock, Vanguard Group, and State Street, the asset-management firms that were DuPont's largest shareholders by far. Though Peltz's Trian Fund Management owned a substantial stake in DuPont—24 million shares—it was dwarfed by the three big institutions' combined holdings: about 150 million shares owned on behalf of investors in their funds. On the morning of DuPont's annual meeting in May, Kullman and Peltz got word that the giants were voting all their shares for Kullman's slate, sealing the outcome of a closely fought contest. Kullman won, but BlackRock, Vanguard, and State Street provided the victory.

It's a sign of changing times. High-profile activists like Peltz, Carl Icahn, David Einhorn, and Bill Ackman have shaken the giants of the *Fortune* 500 over the past 18 months. Icahn increased the market capitalization of the world's most valuable company, Apple, just by sending two tweets. But such headline-grabbing successes may have marked the apogee of their influence. The new reality is that the activists are not today's true power players in corporate America. The biggest companies are increasingly influenced by a new set of bosses—small in number, working mostly behind the scenes, and becoming more activist by the day. Together they're creating a new order for large corporations and even changing the way the capitalist system operates. They're the biggest of the big institutional investors, the largest asset managers (see graphic at right).

The reach of these owners is startling. Institutional investors collectively own most of the shares in virtually all of America's biggest companies. Of the 30 companies in the Dow Jones industrial average, 29 are majority-owned by institutions; the sole exception is Walmart. That ownership is highly concentrated in a few giant companies.

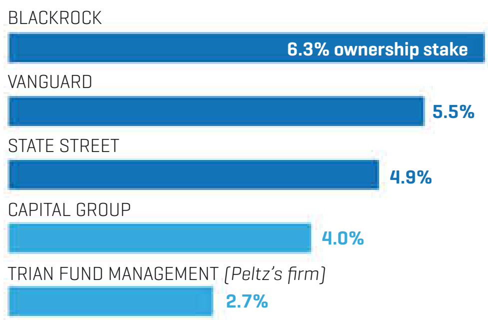
THE 10 LARGEST U.S. ASSET MANAGERS

Index investing has enabled big "passive" asset managers to amass huge stakes in top U.S. companies. In the DuPont fight, their shares far outnumbered those of Nelson Peltz.



Pacific Investment Management (Pimco) manages $1.6 trillion but isn't included here because less than 5% of that is in equities.

DUPONT'S FIVE LARGEST SHAREHOLDERS*



*as of May 2015

DuPont's case is typical: 68% of its shares were owned by 1,359 institutions at the time of the proxy fight, but the three biggest institutions owned about 17%, and the 15 biggest institutions owned 35%. And the concentration is increasing: The combined assets under management of BlackRock, Vanguard, and State Street have nearly quintupled over the past decade.

This expanding financial might by itself isn't enough to make the biggest institutions more important than the high-profile activists. The game changer is that the institutions are also becoming more assertive, and they aren't being subtle about it. In the past three months the chiefs of the two biggest asset managers, BlackRock and Vanguard, have sent letters to all the S&P 500 companies explaining the new rules of the game. "Our starting point is to support management," BlackRock chief Larry Fink wrote. "But this is more difficult to do where management has not articulated a clear long-term vision, strategic direction, and credible metrics against which to assess performance. In

GRAPHIC SOURCE: COMPANY REPORTS

> “AS INDEXERS, WE ARE PERMANENT SHAREHOLDERS … THAT IS PRECISELY WHY WE CARE SO MUCH ABOUT GOOD GOVERNANCE.” *—Vanguard CEO Bill McNabb*

Between them, BlackRock and Vanguard oversee $7.8 trillion in assets. Their respective CEOs, Larry Fink (left) and Bill McNabb, have told corporate leaders they won’t be shy about using their clout in debates over long-term strategy.

ORIGINAL PHOTOS FOR ILLUSTRATION: MCNABB: KRISTOFFER TRIPPLAAR—SIPA USA/AP PHOTOS; FINK: TAYLOR HILL/GETTY IMAGES

such cases, we will take action to ensure that the owners’ interests are effectively served.” No board or CEO can ignore the message, considering that BlackRock directs $4.7 trillion.

But why now? After all, large institutions surpassed individual investors as the principal owners of big companies decades ago, and they rarely exercised their power. They’re doing it now because their world is changing in two important ways:

- **Indexing is catching on.** Individuals, pension funds, endowment funds, and other investors are increasingly realizing that investing in index funds, rather than in actively managed funds, makes sense. Asset managers that specialize in indexing, or “passive management”—BlackRock, Vanguard, and State Street are the largest by far—have grown twice as fast as other asset managers over the past decade. Until recently conventional wisdom held that indexers had zero interest in influencing their portfolio companies. But now they’ve realized that while active managers can sell a stock they don’t like, passive managers can’t; if it’s part of the index (say, the S&P 500), they have to own it. Passive managers have only one way to improve their returns: influence their portfolio companies. Vanguard chief Bill McNabb explained to a group of corporate directors last fall, “As indexers, we are permanent shareholders … That is precisely why we care so much about good governance.” Passive managers are the new activists.
- **Traditional pensions are dwindling.** Back when almost every big company maintained a pension fund that it parceled out to asset managers, those managers recoiled from getting involved in companies’ affairs or voting their shares against management’s wishes (after all, it could cost them business). Now old-style pension plans are mostly gone, replaced by defined-contribution plans in which employees direct their own investments. Asset managers are unshackled to say what they want and vote as they wish.

THIS REVOLUTION in corporate governance has crept up on us because it happens mostly behind the scenes. The high-profile activist investors make as much noise as possible because they must attract other investors to their cause, but the biggest asset managers hold so much stock that they don’t need to attract anyone. When they meet with a board of directors or a CEO, as they are increasingly doing, they don’t tweet or issue a press release.

So we won’t get daily updates on how the biggest institutions are influencing companies, but the effects are already starting to play out. They’re profound and often surprising:

- **Long-term management is back.** Wall Street’s insatiable hunger for short-term performance seems to be one of every CEO’s top complaints, and many activists do demand immediate results: return cash to shareholders, break up the company, sell assets. But the biggest asset managers think long term because they have to. “To borrow a phrase from Warren Buffett,” says McNabb, “our favorite holding period is forever.” BlackRock’s Fink says the best way CEOs can do their duty—and win his funds’ support—is to “clearly and effectively articulate their strategy for sustainable long-term growth.”

Short-term-obsessed activists may get some of what they demand; Peltz was right that DuPont should sell the country club it owned, and the company is selling it. But if a company can present a persuasive long-term plan, it can prevail. Peltz has been trying for two years to break up PepsiCo by separating its beverage and snack businesses, and the plan has gone nowhere. PepsiCo CEO Indra Nooyi is winning by arguing that keeping the company intact makes better long-term sense (see the story on Nooyi

in this issue). Activist Jeffrey Smith's Starboard Value failed in its 2012 attempt to unseat three AOL directors. Long-term shareholders are probably glad that CEO Tim Armstrong prevailed: AOL returned 127% between then and the company's announced acquisition by Verizon in May; the S&P 500 returned only 58%.

- **Activists will become less important.** They create value by spotting opportunities to improve a company's performance. But as the largest institutions pay closer attention to their portfolio companies, they'll spot more opportunities on their own, and activists' influence will wane. Boards should expect to hear directly from major institutions, without publicity, more often.

- **ISS and Glass Lewis will lose influence.** The two main proxy advisory firms made themselves powerful by advising pension funds, endowment funds, and others on how to vote their shares. But the big asset managers base their votes on their own analyses and are building up their staffs to study proxy issues. As these managers build bigger stakes, companies will have to focus more on winning their votes and less on convincing ISS and Glass Lewis. Both advisory firms urged institutions to vote for at least some of Peltz's board candidates at DuPont; all those candidates lost.

- **Farewell to the monarchical CEO.** CEO power has been in decline since 1992, when the directors of General Motors fired CEO Robert Stempel and asked attorney Ira Millstein to formulate new governance guidelines. At about the same time, federal rule changes enabled large shareholders to more easily coordinate action to press for change at companies. The biggest institutions' size and growing assertiveness will further impinge on CEO power. The top institutions say they don't want to manage a company's business—they can't, since they own shares in thousands of companies—but as they increasingly engage with boards, the CEO will feel it. Many CEOs now face powerful owners of a type that hasn't existed at giant corporations since the days when most were family-owned.

- **Conglomerates will be endangered.** Corporate breakups championed by activists are a trend of the past few years. Kraft Foods, HP, eBay, Symantec, and other companies have split or are splitting—and it wouldn't be happening without backing from the largest institutions. Expect the trend to endure: Separate businesses that don't support one another operationally tend to perform better independently than as part of the same company, and breakups often make long-term sense.

THESE CHANGES are combining to create a new version of capitalism, which raises important issues. Is there a danger of too much power being concentrated in the largest institutions? It's easy at least to imagine big asset managers joining forces to break up companies and combine the pieces into new, single-industry enterprises. That isn't necessarily a problem—efficiency is good, and we have antitrust laws—but if reshufflings eliminate jobs or move operations offshore, the institutions could face political heat. How will they juggle the conflicting demands?

How will corporations interact with bigger, more assertive institutions? What information can companies legally share with their largest owners? To answer those and related questions, the three biggest institutions have joined with a group of directors, law firms, and advisers to form the Shareholder-Director Exchange. It has devised a protocol to help companies and institutions engage in new ways.

As the biggest asset managers gain more power and exercise it more freely, they bear a heavy responsibility. They may influence employment, national competitiveness, and economic policy, for better or for worse. They can ensure a balance between short-term and long-term corporate goals, and between value creation and societal needs. They can keep succession planning near the top of every company's agenda. How they will discharge their responsibility remains to be seen, but we know already that the *Fortune* 500 have entered a new era.

Ram Charan is an adviser to many Fortune *500 companies and author or co-author of 18 books, including the bestselling* Execution.

WHAT A BIG-INSTITUTION ERA MEANS FOR YOUR PORTFOLIO

A NEW ADVANTAGE OF INDEXING	Decades of research show that indexing works better than trying to pick winning stocks. As the largest indexers begin to nudge corporate boards toward more investor-friendly governance, the strategy will gain horsepower.
MORE REASON TO BUY AND HOLD	The classic advice for individual investors looks even better now that the biggest asset managers are insisting that boards focus on long-term performance.
A GREATER CHOICE OF PURE PLAYS	If you prefer to pick individual stocks, the trend away from conglomeration will result in more single-industry companies from which to choose. You'll be better able to assemble exactly the kind of portfolio you want.

GEORGIA

HERE, A THRIVING BUSINESS ENVIRONMENT MEETS AN UNMATCHED QUALITY OF LIFE. THAT'S THE BEAUTY OF THIS SOUTHERN GEM—AND WHY MORE AND MORE COMPANIES ARE CHOOSING TO CALL THE STATE HOME.

Georgia On Their Minds

FROM ITS SUPERIOR QUALITY OF LIFE AND WORKFORCE TO ITS BUSINESS-FRIENDLY GOVERNMENT, THE PEACH STATE IS THE PICK OF MORE AND MORE CEOS

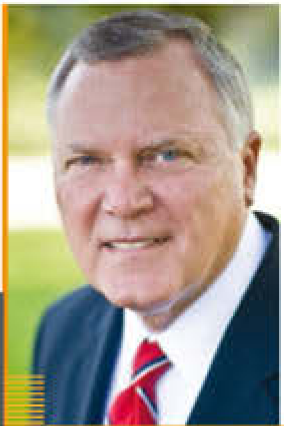
CENTENNIAL OLYMPIC PARK is just one of the many cultural attractions that makes Georgia a great place to live and work.

HOW DO YOU WOO ONE of the most iconic brands in the world to move to your state? You've got to cover your bases, with a pro-business government, an exceptional quality of life, a highly skilled workforce, and world-class logistics. It doesn't hurt to have outstanding universities, a supportive business community home to numerous FORTUNE 500 companies, geographic diversity, and great weather. And for the coup de grace, it really helps to have a phenomenal culinary scene, and world-class museums. Combine the latter two, as the state economic development team did one evening last fall in its meeting with Mercedes-Benz, and you've got a reminder of just what Georgia offers.

The occasion was the visit of Mercedes-Benz USA CEO Steve Cannon a couple of months before the company was to decide on the new location of its North American headquarters: Texas, North Carolina, or Georgia. The state's global commerce team wanted to show off the culture and people of Atlanta, so instead of a dinner at a great Atlanta restaurant, they held a banquet in the soaring, five-story atrium of perhaps the finest art museum in the Southeast—the Richard Meier-designed High Museum of Art. The three tables of 10 included some of the business community's heaviest hitters, including the CEOs of Delta, UPS, and Georgia Power. As they dined on locally sourced surf and turf, the conversation centered on what it's like to live in the state, and the terrific support companies get at the state and local level.

"Georgia is pro-business, and we've built this business environment that's very invit-

PICTURE GEORGIA



"WE HAVE A GREAT ACCUMULATION of qualified young people that are being trained. Combine that with our infrastructure, some of the best interstate highway systems in the country, Hartsfield-Jackson Atlanta International Airport, and the Port of Savannah, and it makes us a pretty attractive place for business." NATHAN DEAL, GEORGIA GOVERNOR

ing—low tax rates, a low regulatory burden, and great logistics and higher education," says Chris Carr, Commissioner of the Georgia Department of Economic Development, who attended the dinner. "So we talked about all of that, and it really impacted the executives from Mercedes. I think they truly got a sense of what Atlanta, the Atlanta business community, and the arts community are like."

Ultimately, it was Georgia's high quality of life that successfully persuaded Mercedes-Benz to move its North American headquarters from northern New Jersey to the north side of Atlanta. The cost of living is lower. The pace of life is more relaxed. Downtown is vibrant, and the mass transit system is excellent. Sure, there was a good tax incentive package, but any state can offer that. Mercedes wanted a "live-work-play" community that would appeal to its 800 employees, from millennials who prefer city life to older employees raising families who prefer the suburbs.

"Atlanta offers all these things that matter to us outside of work, such as a high quality of life, terrific schools, and wonderful cultural and recreational activities," Cannon offers. "We're proud to call Georgia our future home."

Says Carr: "Their whole company culture is excellence, and when they have selected your community, that is a real point of pride. It shows that you are doing the right thing."

A GROWING NUMBER of companies are calling Georgia home, including 17 on this year's FORTUNE 500 list.

BUSINESS DEAL

Georgia has always been a business-friendly place, but the state's Southern hospitality—corporate style—really took a big step forward when Governor Nathan Deal took office in 2011. With the goal of becoming the No. 1 state in the nation for business, he immediately launched the Georgia Competitiveness Initiative to strengthen the state's economic development strategy to attract new companies and jobs, spur investment, and support existing companies. It began by holding town-hall meetings in the state's 12 economic development regions to assess the strengths and weaknesses, collect data and ideas from leaders across the state, and

TOP: STATE OF GEORGIA; BOTTOM: DAVID KOSMOS SMITH/ IMAGEBRIEF


From Georgia
with love
When we started in Atlanta in 1886, we never imagined that someday
our beverages would be enjoyed around the world 1.9 billion times a day.
Coca-Cola is proud to call Georgia home and a great place to do business.

> **"THERE IS A YOUTHFUL, CAN-DO ENERGY here that's palpable. We have some of the best research and educational institutions in the world right in our backyard in Atlanta."**
> **MUHTAR KENT,** CEO, COCA-COLA

implement recommendations to make Georgia more competitive.

"First of all, we involved the business community in the process of setting our goals," says Gov. Deal. "We took those ideas and brought them back to the next legislative session, and out of that came tax reform, for example. We removed the sales tax from energy used for manufacturing, which has been a huge success in attracting more manufacturing opportunities for our state—and expanding the existing opportunities."

With 17 FORTUNE 500 headquarters based in the state, including Coca-Cola and Home Depot, the business community Gov. Deal refers to is large and diverse. Perhaps no brand is more associated with Georgia than Coca-Cola, which started in the state in 1886 and is now comprised of more than 500 brands that bring in close to $50 billion annually. Its 26-story headquarters in downtown Atlanta is located right next to its very popular tourist attraction, the World of Coca-Cola.

"There is a youthful, can-do energy here that's palpable," says Coca-Cola chairman and CEO Muhtar Kent. "We have some of the best research and educational institutions in the world right in our backyard in Atlanta, and a base of strong, innovative companies that attract the best and brightest employees, suppliers, and partners. That's a tough combination to beat. Georgia is a great place to do business. For anyone considering making Georgia home, this community will do everything in its power to help you succeed. Georgia's welcoming, hospitable attitude is why the state has become such a dynamic and diverse melting pot of cultures, industries, and attractions."

ABOVE: VISITORS TO Atlanta can take a selfie with this giant bottle of Coke—and more—at the World of Coca-Cola. BELOW: Reliable high-speed connectivity is helping to lure more technology companies to Georgia.

TOP: COURTESY OF COCA-COLA; BOTTOM: PICTURE GEORGIA

GEORGIA: THE NUMBERS

- In 2014, for the second consecutive year, *Site Selection* magazine picked Georgia as the No. 1 state in the nation for business. It also topped the annual rankings last year by CNBC and *Area Development* magazine.
- In addition to 17 FORTUNE 500 headquarters, more than 440 FORTUNE 500 companies have

PORT OF BRUNSWICK terminal ranks among the nation's largest auto facilities, and is also the third busiest port in the U.S. for total Roll-On/Roll-Off cargo.

operations in the state.

- Georgia's workforce training program Quick Start is one of the oldest and best in the nation, providing customized workforce training free of charge to qualified businesses.
- Four Georgia institutions are ranked among the top 50 national undergraduate business programs, and two institutions are ranked among the nation's top 50 graduate business schools, while the state's colleges and universities award more than 132,000 degrees and certificates each year, creating a skilled and diverse talent pool to fuel industry growth.
- The Port of Savannah is the second-busiest port on the East Coast and the fastest-growing port in North America.
- Hartsfield-Jackson Atlanta International Airport is the busiest passenger airport in the world, with direct flights to 150 U.S. cities and 70 international destinations in 50 countries, and is home to 16 cargo-only carriers. The majority of the U.S. market can be reached in a two-hour flight.
- The state offers businesses local access to 70 foreign governments through consular offices and/or trade representation.
- Georgia is one of the fastest-growing entertainment production centers in the U.S., currently ranked No. 3 in the nation and No. 5 in the world with a $5 billion-plus impact last year.

"In the last eight months eight corporate headquar-

ters have relocated to Georgia, and that has created a lot of new jobs—over 2,000, I am told," notes Gov. Deal. "What we have tried to do is look at what it takes to be attractive to business. And one of those things is a qualified and readily available trained workforce. We have a great accumulation of qualified young people that are being trained. Combine that with our infrastructure, some of the best interstate highway systems in the country, Hartsfield-Jackson Atlanta International Airport, and the Port of Savannah, and it makes us a pretty attractive place for business."

GEORGIA IS ONE OF THE FASTEST-GROWING entertainment production centers in the U.S., currently ranked No. 3 in the nation and No. 5 in the world with a $5 billion-plus impact last year.

GRAND OPENINGS

In addition to Mercedes-Benz, other companies that are opening facilities include Kaiser Permanente, which is building a $20 million technology campus in Midtown Atlanta that will create 900 jobs; Haring, a German maker of precision automotive components, which is investing $54 million in its first U.S. manufacturing facility, in Hartwell, creating 800 jobs; and Keurig Green Mountain Inc., which is investing $337 million in a 585,000-square-foot manufacturing center in Douglas County, west of Atlanta, to produce pods for the company's new cold version of its K-Cup brewing system, creating 550 jobs.

And Home Depot, which was started in the state in 1979, has just opened a new 1-million-square-foot direct fulfillment center south of Atlanta for online businesses, as

PORSCHE EXECUTIVES CONSIDERED 70 other locations to build its new facility before deciding to stay in Georgia; within minutes of landing in Atlanta, customers can be on the track with an instructor to choose their next Porsche.

well as the Home Depot Technology Center at Georgia Tech. The company also plans to open a new IT facility in Cobb County later this year.

Porsche's new $100 million North American headquarters and the Porsche Experience Center, which opened to the public on June 2, are located next to the Atlanta airport. "Today we celebrate a significant milestone in the history of Porsche as we expand our footprint in the United States and reaffirm our commitment to the state of Georgia and the city of Atlanta," said president and CEO Matthias Müller. "We are investing more than ever before, heightening visibility for the Porsche brand in the U.S. and worldwide."

The company moved to Atlanta from Reno in 1998. Porsche executives considered 70 other locations to build its new facility before deciding to stay in Georgia; within minutes of landing in Atlanta, customers can be on the track with an instructor to choose their next Porsche or get their first taste of the brand. The company also values the employee base and the help of state and city officials. "Atlanta has been our home in the United States since 1998 and we believe in giving back to the community that has given so much to us," said Detlev von Platen, president and CEO of Porsche Cars North America, Inc.

"One of the things that we pride ourselves on is that we don't take a cookie-cutter approach to problem solving," says Commissioner Carr. "We want to learn what really are the issues. Is it workforce? Is it logistics? Is it a direct flight? So we want to figure out what issues are the drivers and then provide the state's assets to solve those problems, not just for today, but 50 years down the road."

GET BEHIND THE wheel of a Porsche at the company's new Driver Development Track at its Atlanta headquarters.

PORSCHE

CAREER COACHING

The state's vaunted Quick Start workforce training program is a big reason why companies choose to relocate to Georgia or expand existing operations (any business that's creating 15 jobs or more is eligible for the free service). Begun in 1967, the program has trained more than 1.1 million Georgians through approximately 6,650 projects, so there's a level of expertise in any given sector that few, if any, other states can match. It's also part of the Technical College System of Georgia, which has 23 colleges on 85 campuses; there's a campus within 30 minutes of every Georgian.

GEORGIA SPOTLIGHT

DELTA

DELTA DELIVERS GROWTH IN GEORGIA

Delta and Georgia have grown up together, illustrating how government and business can work and grow together.

THE STORY OF how Georgia has become the No. 1 state for business begins with Delta, based in Atlanta since 1941. One leading reason why companies choose to start in or relocate to the state is accessibility to customers; not surprisingly, Georgia is home to 17 *Fortune* 500 companies, including Coca-Cola, UPS, and Home Depot. The more than 1,000 Delta flights a day to 220 global destinations have helped toward that end.

Delta itself has been named by *Fortune* as one of the 50 Most Admired Companies for the second consecutive year, as well as the most admired company in the airline category for the fourth time in the past five years. The top 50 rankings are based on a survey that asks leaders across all industries to identify the companies they most admire.

"This is a direct reflection on the people of Delta," says CEO Richard Anderson. "Their professionalism and commitment to our culture and values are recognized by this important award, which places us among the world's leading brands."

Delta has more than 32,000 employees in Georgia and nearly 80,000 workers around the world. With an industry-leading global network, the airline operates a mainline fleet of more than 700 aircraft, and offers customers more than 15,000 daily flights worldwide to 327 destinations in 60 countries on six continents.

In 2014, Delta ran the best global operation in the airline industry, improved customer satisfaction scores, and generated more than $4.5 billion in pre-tax profits, among many other accomplishments. The *Fortune* 500 status comes on the heels of a record $1.1 billion profit-sharing payout.

Says Anderson: "This honor confirms what we have known all along. Our people, culture, and values—our biggest competitive advantages—are admired by business leaders around the globe. Together, we are building the preeminent airline brand and bringing humanity back to air travel."

DELTA

"BOTH OF OUR SAVANNAH EXPANSIONS in the last 10 years were the result of the business-friendly environment and government we found here in Savannah."

JAY NEELEY, VP, LAW AND PUBLIC AFFAIRS, GULFSTREAM

"At the end of the day, a trained and skilled workforce is the No. 1 requirement for companies expanding or relocating," says Gretchen Corbin, commissioner of the Technical College System of Georgia. "We mold our curriculum to the business or industry for any type of technical position, so that interested students will be ready to go into the workforce."

One of the first companies to take advantage of Quick Start was Gulfstream, which moved to Savannah from Bethpage, N.Y., in 1967. The aerospace manufacturer is Savannah's largest private employer, growing from 100 employees when its first Georgia facility opened to more than 10,000 today. "Savannah has a number of advantages when it comes to the quality of the workforce," says Gulfstream's Jay Neely, vice president, law and public affairs. "First, it's close to several military bases, and we tend to hire military veterans since their values and work ethic closely align with our corporate culture. Beyond that, we have established partnerships with several local educational institutions to ensure the continued development of a solid talent pipeline."

In the last nine years, the company has invested more than $900 million in expansions at its headquarters, where it makes the G450, G550, G500, G600, G650, and G650ER jets. "Our decision to expand in Georgia was heavily influenced by strong working relationships with the state and local authorities," Neely adds. "Both of our Savannah expansions in the last 10 years were the result of the business-friendly environment and government we found here in Savannah."

On the other side of the state, in the former textile town of West Point near the Alabama border, Kia Motors opened a 2,200-acre manufacturing site—its first in North America—in 2009 in large part because of Quick Start, which helped design and build its training center. It's been so successful that the chairman of the Hyundai Motor Group called the training program its "global benchmark."

"The state of Georgia has been an outstanding partner for Kia Motors Manufacturing Georgia," says Randy Jackson, senior vice president of human resources and administration. "The Kia Georgia Training Center

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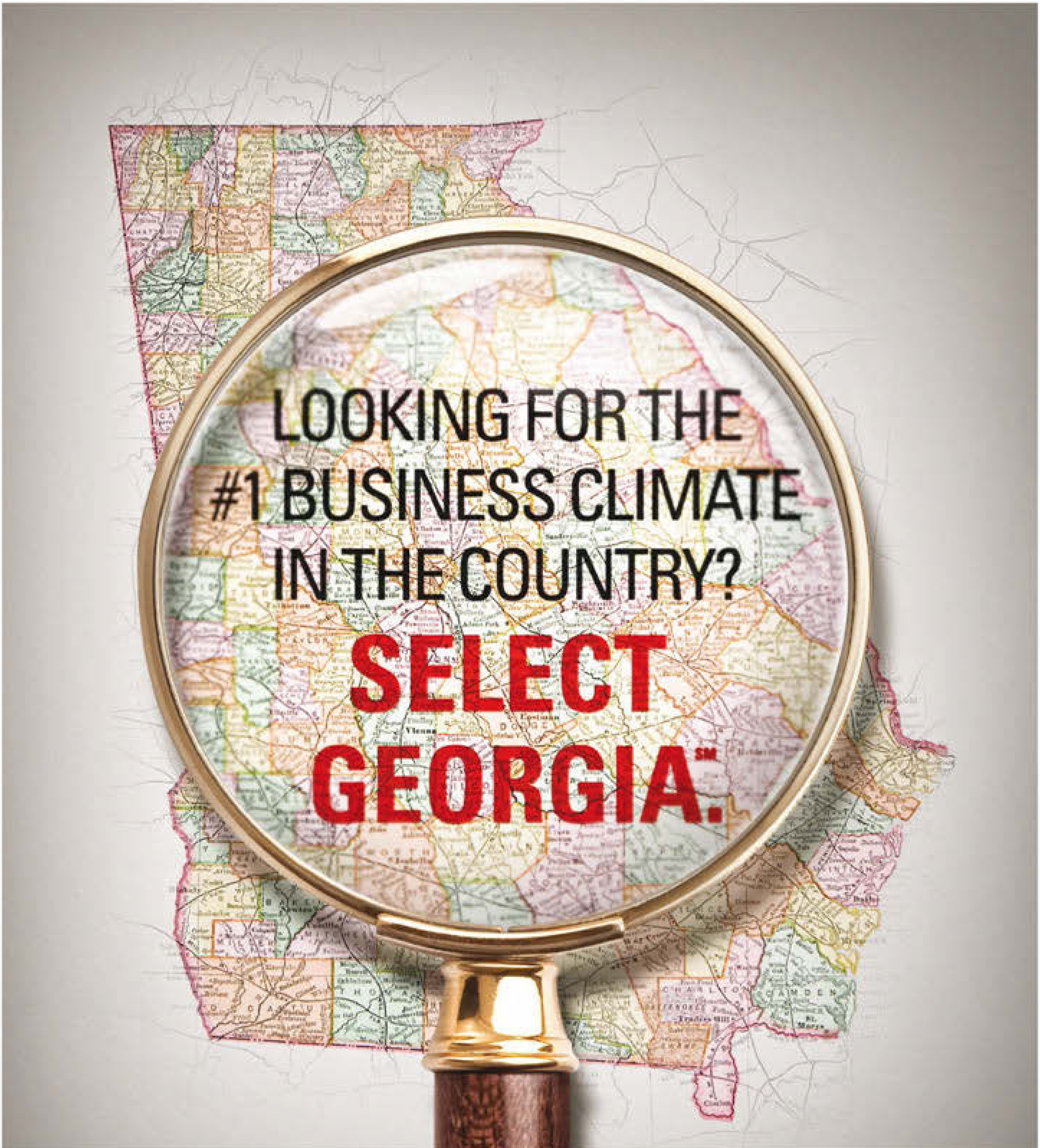

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This latest honor only confirmed what everyone at Georgia Power already knew: Our state is a great place for business. If you're considering relocating or expanding here, our Economic Development team will work closely with the Georgia Department of Economic Development to help you with labor analysis, market data, available properties – whatever you need – at no charge. **For a closer look at all Georgia has to offer, visit SelectGeorgia.com**.

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GEORGIA POWER
A SOUTHERN COMPANY

WITH ITS MORE THAN 80 COLLEGES AND universities, including Georgia Tech, Emory, and the University of Georgia, the state is turning out a highly educated workforce.

and Georgia Quick Start have been invaluable resources in transforming the workforce for a specifically high-tech automotive product. Through three waves of hiring and more than 135,000 applications, Georgia Quick Start provided the support needed to train more than 3,000 team members. We continue to receive great support at all levels of the state government. Just recently, Governor Nathan Deal signed HB 259, the Georgia Business Act, which allows state agencies to purchase Kia products and bypass the time-consuming competitive bidding process."

KIA MOTORS CHOSE West Point, Georgia, in 2009 when it decided to open its first North American manufacturing plant.

SCHOOL SPIRIT

With its more than 80 colleges and universities, including Georgia Tech, Emory, and the University of Georgia, the state is turning out a highly educated workforce. Emory's Goizueta Business School, named after the visionary leader Roberto C. Goizueta of Coca-Cola, has one of the best MBA programs in the country.

"We're a world-class business school, so our focus is making sure we're meeting the needs of students and preparing them for wherever they may choose to go," says dean Erika James. "We have good relationships with industry in this region to ensure that we're preparing our students for the needs in this marketplace.

"The school attracts students from all over the country and world. The majority of our students pursue careers at various locations. For example, we have a large amount of students from the Northeast, which is a hub in banking. But the increasing opportunities in Atlanta are another reason why they're attracted to our program."

As a spinoff of the Competitiveness Initiative, the governor also launched the High Demand Career Initiative last year, tasking the university system and technical colleges to ask the private sector what workforce needs they're going to have five to 10 years down the line, and to close any gaps.

"We wanted to ask the question, 'Are there jobs currently available in our state where we do not have enough qualified individuals to fill those jobs?'" says Gov. Deal. "We have identified some 11 areas where those situations exist, and we have created 100% tuition scholarship in our technical colleges for anyone who will pursue a degree in those 11 areas."

Companies have said that they need "practical engineers," managers who could be on the shop floor,

KIA MOTORS

FEW STATES IN THE COUNTRY CAN MATCH Georgia for its affordable housing, mild weather, outdoor pursuits, culture, and geographic diversity.

THE GEORGIA lifestyle is made affordable by below-average housing costs, low taxes, and a cost of living that is lower than that of many U.S. cities.

so the governor asked the state Board of Regents to approve a degree in manufacturing engineering. "As I understand it, we are the only state in the Southeast, and Georgia Southern is the only school, to have this program," says Economic Development Commissioner Carr. "What it shows is that we're listening and that we'll act at the speed of business."

LIFE'S A PEACH

Perhaps just as important as a well-trained workforce is the quality of life for those workers. And few states in the country can match Georgia for its affordable housing, mild weather, outdoor pursuits, culture, and geographic diversity. Famed director/producer/actor/writer Tyler Perry headquartered his production company and studio in Atlanta for those reasons, and others.

"I have a house in L.A. and an apartment in New York, but I guess for me, being a country boy from the South, my channels for writing don't open until I get here and have some space," he says. "I love the Georgia pines. It really is true when they talk about a rainy night in Georgia in that song. It is magical. You can see lightning dancing across the sky. I just love the town. I love the history, I love the richness, I love the people. I felt like I got to the Promised Land when I moved here from Louisiana because it nurtured everything in me to do what I'm doing now."

From the sea islands in the state's southeast to the mountains in the north, Georgia is blessed with a variety of landscapes. The governor and First Lady Sandra Deal like to escape to the northern part of the state. "We have a little log cabin up on the upper part of the Chattahoochee River," he says, "and we like to go up there and watch the river, and watch people canoe and kayak, and all the other things that go along with that."

As the home of perhaps the most famous golf course in the world, Augusta National, Georgia is also a golfer's haven. Excellent public-access courses dot the entire state, such as those at Sea Island Resorts, Reynolds Plantation, and Barnsley Gardens. Celebrated historic clubs include Atlanta Athletic Club, site of the 2011 PGA Championship; Peachtree Golf Club, founded by golf legend Bobby Jones; and East Lake Golf Club, where Jones learned to play—the permanent home of the PGA Tour's TOUR Championship by Coca-Cola. Others include the Atlanta Country Club, Capital City Club, Piedmont Driving Club, and Dunwoody Country Club.

There are also four major-league sports teams—soon to be five when Major League Soccer comes to town after


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The Gulfstream G650ER™ and Gulfstream G650™ fly farther at faster speeds than any other business aircraft. While their capabilities profoundly impact business aviation, their economic impact means high quality jobs in the state of Georgia. Gulfstream's worldwide headquarters, research and development, engineering, and largest manufacturing and service operations all are in Savannah, Georgia. A facilities expansion underway in Savannah has created more than 3,500 jobs since 2010, along with a 40 percent employment increase at the Gulfstream Brunswick facility. Gulfstream employs more than 10,500 people in Georgia and we are proud to say that no matter how far the G650ER and G650 fly, these state-of-the-art aircraft will always call Georgia home.
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IN ADDITION TO THE Martin Luther King Jr. National Historic Site, Georgia is home to the new Center for Civil and Human Rights.

the Atlanta Falcons' new retractable-roof stadium opens in 2017. "The quality of life now really, really drives a lot of relocation decisions," says Chris Clark, president and CEO of the Georgia Chamber of Commerce. "We spend a lot of time making sure that we've got that right mix of live-work-play so we're a place where people want to be. And I think that's starting to pay off for us. More and more graduates are staying here. They're finding opportunities or they're starting their own companies."

A particularly authentic enhancement is the Atlanta BeltLine, an award-winning urban revitalization project created on an abandoned rail ring. The 22-mile park, with a multi-use system of trails and a recreation loop, will encircle the city when it's completed in 2030; 7.5 miles of the project have been completed to date.

"It is, by most estimations, the largest and most comprehensive urban redevelopment initiative in the city's history, at almost 15,000 acres," says the BeltLine's president and CEO Paul Morris. "And if you count anything that's within a half-mile of the actual 22-mile corridor, it is probably one of the biggest such efforts underway in the country. We're putting about 1,000 acres of brownfield

back into productive development, which will produce about 30,000 jobs and 20,000 housing units.

"The BeltLine has become an icon of the kind of urban revitalization that leaders want to see across the state," he adds. "And it's become the kind of thing that cities and towns will come visit or will give speeches about, because they're seeing a shift in the economy and so much of it is the result of a combination of millennials and empty-nesters wanting to live in the city, and they're really depending upon quality-of-life improvements to do that."

New responsibly sourced restaurants are popping up all over the state from Athens to Macon to Savannah, giving Georgia high marks for its farm-to-table cuisine from chefs across the country. "The farming here has pretty much been naturally done for years, and it hasn't been artificially created with a lot of irrigation," says noted chef

HUGH ACHESON is the author of the James Beard Foundation Award-winning cookbook, *A New Turn in the South*, and owns four restaurants in Georgia.

THE AIRPORT IS AN ECONOMIC JUGGERNAUT for Georgia and the entire Southeast region, generating over $64 billion in annual economic impact.

Hugh Acheson, the *Top Chef* judge who owns four restaurants in the state. "So it's good to see. And we've had a lot of rain this year, so it's shaking up to be a pretty awesome growing summer. It's pretty hard not to be excited."

MOVING PEOPLE AND FREIGHT

Without a doubt, the Hartsfield-Jackson Atlanta International Airport is one of the state's key assets—some would say its best asset. Direct flights to customers and facilities worldwide are critical for local corporations, and no other airport in the world has more flights coming and going—2,500 every day—than ATL. With the opening of the new $1.4 billion international terminal two years ago, reaching one of the 75 international destinations has never been easier.

"Now, consider this," says the airport's general manager, Miguel Southwell. "Georgia, which is significantly an agricultural state, has managed to attract over 490 German facilities, two of which—Mercedes and Porsche, are right here in Atlanta. That simply would not have happened had we not serviced daily flights on Delta Air Lines every day to Germany, as well as serviced flights by the German carrier Lufthansa. We help the corporations looking to expand beyond their borders."

ATL is Delta's biggest hub, with over 1,000 peak day departures to more than 220 global destinations. The relationship between the airline and airport is a big part of the success story of Atlanta and the entire Southeast region. Delta introduced the hub and spoke model in 1955, setting the stage for the efficiency and growth that was a boon for Atlanta, and that led to ATL's ascendance as the world's busiest airport since 1998. Atlanta's location puts it within a two-hour flight of 80 percent of the U.S. population. The airport is an economic juggernaut for Georgia and the entire Southeast region, generating over $64 billion in annual economic impact. Delta's relationship with the Atlanta community is a model of the benefits that can accrue for all stakeholders: It has a strong airport-airline partnership, government support, a competitive airport cost structure, and a single well-positioned and efficiently designed local airport. Delta is Atlanta's largest private employer, with more than 32,000 employees.

The ports of Savannah and Brunswick are also huge logistical strengths. The former is currently undergoing a $700 million dredging operation that will enable Savannah to handle the bigger ships coming through the newly expanded

CONTINUED ON PAGE S24

SAVANNAH IS home to the largest single container terminal in North America.

The Logic of Logistics

As UPS expanded from package delivery to supply-chain management and strategic problem solving, facilities like the Georgia Logistics Cluster have played a key role.

A FEW DECADES AGO, the location of a company warehouse was rarely a bet-the-company decision. But yesterday's warehouses have become today's logistics centers, and their placement is increasingly critical. In a world of globalized competition, just-in-time manufacturing and razor-thin margins, the location of your shipping point and access to the right transportation can make an enormous difference. Unlike entertainment clusters (Hollywood) or financial clusters (Wall Street), logistics clusters, which concentrate shipping companies, transportation, and customers, "are not as well understood by many governments, supply chain managers" and others, says Prof. Yossi Sheffi, director of the MIT Center for Transportation and Logistics.

Since the 1990s, UPS has been based out of Georgia's logistics cluster, which is near Atlanta's Hartsfield-Jackson Airport, rail lines, and highways, with easy access to the Port of Savannah. The location has been ideal as the company's mission has expanded from delivering small packages to strategically enabling its corporate customers' supply chains. UPS, headquartered in Atlanta, maintains a global network of logistics centers in and outside the U.S., including Louisville, Chicago, Shanghai, Singapore, and Cologne, Germany.

As companies confronted globalization, says Mark Wallace, UPS's senior vice-president for engineering, they cut costs by offshoring and automating production. Eventually, they focused on supply chain efficiency. Companies began turning to third-party logistics players like UPS. Not incidentally, says Wallace, it solidified the relationship between UPS and its customers: "As you help customers solve supply chain problems, you become a much more valuable partner. We can then optimize their supply chain for success."

Logistics players do a lot more today than move parts or products. UPS's Georgia Distribution Center in Atlanta, for example, provides distribution for Pratt & Whitney's military and commercial customers, as well as product support for engine assembly. "UPS has the systems to deliver us the metrics and data that we need," said Earl Exum, Pratt & Whitney's vice president of Global Materials and Logistics. "They've clearly demonstrated that they understand our business and can execute."

Some logistics centers even assemble smaller component parts before shipping them to manufacturers for final assembly. "We spend time with customers to understand their go-to-market goals, and then leverage our network based on their geographic location," says Geoff Bastow, president of Global Customer Solutions for UPS.

Logistics centers also drive economic growth and jobs, experts say. When Georgia officials recruit companies to invest in their state, they often call on UPS to share its experience. MIT's Prof. Sheffi writes: "The growth of logistics clusters is self-reinforcing, becoming more valuable to their participants the bigger they are, which in turn attracts more companies and furthers growth."

THE LOCATION OF YOUR SHIPPING POINT AND ACCESS TO THE RIGHT TRANSPORTATION CAN MAKE AN ENORMOUS DIFFERENCE.

PHOTO COURTESY OF UPS

INTERNATIONAL INTRIGUE

WITH OPERATIONS OF MORE THAN 3,000 FOREIGN-OWNED FACILITIES OPERATING IN THE STATE, GEORGIA IS A GLOBAL GOLIATH

MERCEDES-BENZ HAS PUT DOWN stakes in Georgia, joining the ranks of Bombardier, Bridgestone Golf, Häring, Honda, Kia, Kubota, Pirelli, Porsche, ThyssenKrupp, and Yamaha. The leading investor nations from 2010–2014 include Japan ($2.4 billion), South Korea ($1.3 billion), Germany ($793 million), and Switzerland ($508 million). Why do so many foreign companies choose Georgia?

It starts with the fact that Hartsfield-Jackson Atlanta International Airport offers non-stop flights to nearly 75 destinations in 50 countries. The new $1.4 billion international terminal—Georgia's "front door to the world"—makes travel a joy, too, with its cutting-edge LEED Gold-certified glass-façade facility. Combined with Concourse E, it gives the airport a 40-gate international complex.

"We have a dominance in flights to Europe," says airport GM Miguel Southwell, "with a major focus now to build that service to the fastest-growing economies of the world, including those in Asia and Africa. Atlanta is really the gateway to the newly emerging African continent. We have flights to South and West Africa, and we're working hard to build service to Eastern Africa as well."

It also helps that Georgia has representatives in 11 strategic markets around the world helping to grow jobs and investment in the state; offices in Japan and Europe have existed for more than 40 years. Two years ago, Georgia became the only state in the U.S. to open an office in Colombia, South America. Likewise, officials from more than 25 countries have set up shop in Georgia to promote trade, while metro Atlanta offers access to about 70 foreign governments through consular offices and/or trade representation.

And the hard work is paying off. In February, Gov. Nathan Deal announced a record increase in exports and imports for the fifth consecutive year, 4.9% and 11.5%, respectively.

"With our strong and diverse international presence, Georgia is able to successfully support companies in reaching new markets," said Deal. "When combined with the ever-increasing value of Georgia's exports and imports, I am confident that we will continue the trend of more record-breaking international trade in the future."

STRONG PARTNERSHIPS with foreign companies such as Mitsubishi (top right), Kia Motors, and Mando (bottom, right) have boosted Georgia's imports and exports for five consecutive years. Here, Gov. Deal cuts the ribbon to officially open the state's trading office in Qingdao, China.

PHOTOS CLOCKWISE FROM TOP LEFT: PICTURE GEORGIA; MITSUBISHI/ PICTURE GEORGIA; 2 ROBERT PAYNE/ PICTURE GEORGIA

"FAST, SMART, AND RELIABLE HIGH-SPEED Internet has led to tremendous innovation in the communications industry."

BETH SHIROISHI,
PRESIDENT OF AT&T GEORGIA

CONTINUED FROM PAGE S20

locks of the Panama Canal. "The ports are a huge play in Georgia, not just for the expanded Panama Canal," says Georgia Ports Authority executive director Curtis Foltz. "Our ports represent about 350,000 jobs and about $8.5 billion in income for Georgians a year, so clearly the ports collectively, between Savannah and Brunswick, are a major economic engine.

"But our ports are only as successful as the connectivity that they support," he adds. "We've got great rail and roadway connectivity throughout every corner of Georgia, and our ports are there to make sure our customers have access to international markets. Savannah is one of the few major American ports with balanced trade. Our exports and imports create jobs and drive our economy throughout the Southeast."

Two companies that rely heavily on good logistics are Georgia-Pacific and Rollins Inc. Founded in Augusta in 1927, GP has long called Georgia home. Headquartered in Atlanta, the company is a leading manufacturer and marketer of bath tissue, paper towels, napkins, tableware, paper-based packaging, office papers, cellulose, specialty fibers, nonwoven fabrics, building products, and related chemicals. In Georgia, GP employs 7,200 people, operates 19 facilities and has invested approximately $1.2 billion in operations since 2006.

Rollins Inc. is a premier global consumer and commercial services company. Headquartered in Atlanta, the company provides essential pest control services and protection against termite damage, rodents, and insects to more than 2 million customers around the world through its 11 wholly owned subsidiaries.

TECH? CHECK.

To the degree that the transportation infrastructure drives the economy, so does the technology sector. More and more hi-tech companies are relocating or starting in the state because of its reliable, high-speed connectivity. AT&T, with more than 21,000 employees in the state, has invested nearly

High-speed connectivity and a diverse, educated workforce are great for business at AT&T (left).

The Atlanta Tech Village is building a thriving ecosystem in the tech community by promoting faster connections between talent, ideas and capital.

$5.4 billion in its best-in-class wireless and wired networks in Georgia from 2012 through 2014, driving upgrades to reliability, coverage, speed, and performance for residents and business customers.

"Fast, smart, and reliable high-speed Internet has led to tremendous innovation in the communications industry," says Beth Shiroishi, president of AT&T Georgia. "From using a smartphone to downloading movie tickets, to depositing a check through a mobile banking application, the Internet is playing a larger role than ever before in the day-to-day lives of consumers. To keep pace with the changing technology and communications landscape, service providers are offering new products and services to improve the mobile experience and increase connection speeds."

Fintech, or financial technologies, is another big component of Georgia's economy now. "Fintech is just incredible for us," says Clark of the Georgia Chamber of Commerce. "IT continues to give us lots of opportunity for future growth, and the infrastructure continues to drive it. AT&T is investing in Georgia, as is Google Fiber, to build out the Internet connectivity and increase those

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Georgia Department of Economic Development	Georgia.org
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AT&T	AT&T.com
The Coca-Cola Company	TheCoca-ColaCompany.com
Cox Media Group	CoxMediaGroup.com
Delta Air Lines	Delta.com
Emory University's Goizueta Business School	Goizueta.Emory.edu
Georgia Aquarium	GeorgiaAquarium.org
Georgia Ports Authority	GAPorts.com
Georgia Power	GeorgiaPower.com
Georgia-Pacific LLC	GP.com
Global Payments Inc.	GlobalPaymentsInc.com
Gulfstream Aerospace Corporation	Gulfstream.com
Hartsfield-Jackson Atlanta International Airport	Atlanta-Airport.com
Home Depot	HomeDepot.com
JM Eagle	JMEagle.com
Kia Motors America	Kia.com
King's Hawaiian	KingsHawaiian.com
Mercedes-Benz USA	MBUSA.com
Porsche Cars of North America	PorscheUSA.com
Rollins, Inc.	Orkin.com
SunTrust	SunTrust.com
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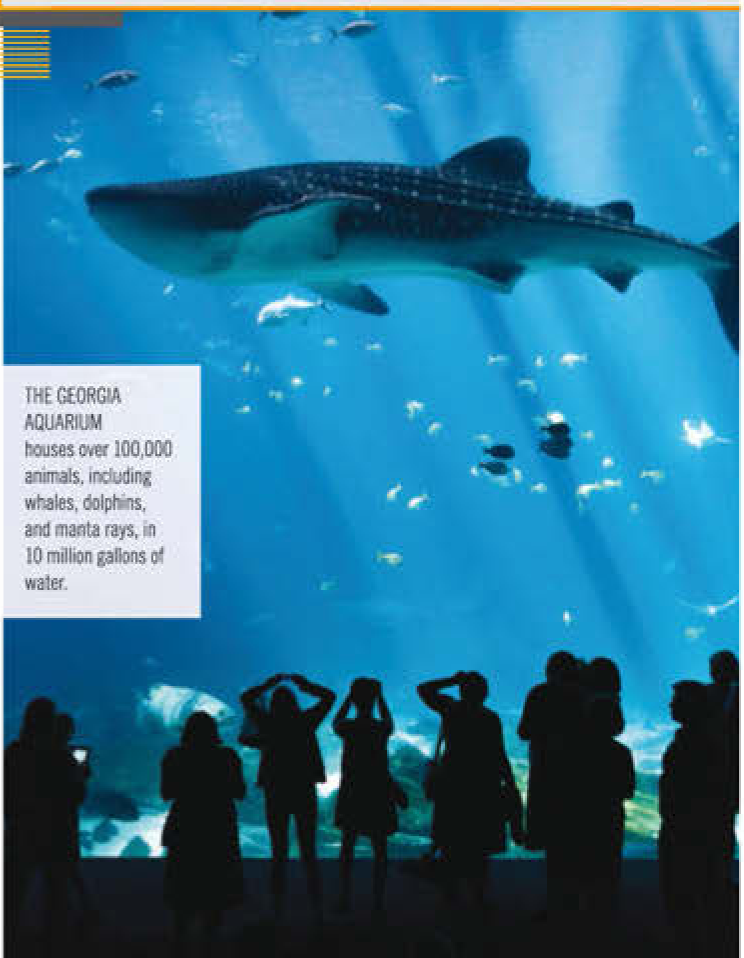


THE GEORGIA AQUARIUM houses over 100,000 animals, including whales, dolphins, and manta rays, in 10 million gallons of water.

speeds. AT&T now has a facility called The Foundry at Georgia Tech, where they're doing all types of research. And we'll have the third-highest concentration of Google employees over the next year or so as they build out their facilities here in Georgia."

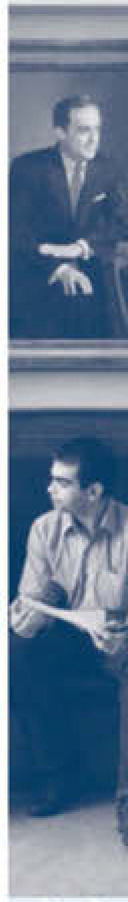
Global Payments, a leading provider of payment technology services, is one of the largest fintech companies in the world. Headquartered in Atlanta with more than 4,300 employees worldwide, Global Payments is a FORTUNE 1000 company with merchants and partners in 29 countries throughout North America, Europe, the Asia-Pacific region and Brazil.

"Atlanta has evolved to become the epicenter of a growing segment of the financial services industry and is a gateway for global business, offering international diversity and unparalleled access to worldwide connections," says Global Payments CEO Jeff Sloan. "The East Coast location is ideal for access to global financial markets and ease of worldwide travel. It also has a reasonable cost of living and robust educational opportunities. Along with the Metro Atlanta Chamber of Commerce and the Technology Association of Georgia [TAG], we are entrenched in the community and focused on positioning Georgia as a leader in financial services technology. The growth of technology-based organizations in Atlanta creates an exciting dynamic of inspiration, passion and innovation."

Georgia is also home to more than 400 life science companies and 225 health IT companies, including Baxter, GE Healthcare, and McKesson Technology Solutions, while Emory and Georgia Tech comprise the No. 2 graduate biomedical engineering program in the nation.

But states don't develop big technology sectors—which use a lot of power—unless they have a reliable energy system with competitive rates. Georgia Power provides safe, clean, reliable, and affordable electricity to 2.4 million customers across the state with

KATE VUKOVICH/ IMAGEBRIEF



> **"RELIABLE AND AFFORDABLE ENERGY is one of the fundamental factors that makes Georgia an attractive place to do business."**
>
> **PAUL BOWERS**
>
> CHAIRMAN, PRESIDENT, AND CEO, GEORGIA POWER

rates around 10% below the national average. The company has one of the smartest power grids in the country, helping to eliminate outages and reduce service interruptions for Georgia Power customers.

"Our track record of high reliability and low energy rates is due to a constructive regulatory environment that allows us to invest in our energy infrastructure and a continued focus on developing a diverse generation portfolio that includes natural gas, nuclear, coal, hydro, renewables, and energy-efficiency programs," says Paul Bowers, chairman, president, and CEO. "Reliable and affordable energy is one of the fundamental factors that makes Georgia an attractive place to do business. Georgia Power has been helping to grow and bring businesses to our state nearly since the start of the company more than 100 years ago."

BOOM TOWN

Film production in the state has taken off since the legislature passed the resalable tax credit in 2005, jumping from 10 productions that year to more than 300 last year, amounting to a $5 billion-plus impact. Some of the shows and films recently shot in the state include *The Walking Dead*, *Selma*, and *The Blind Side*. "Filming is booming here," says Perry. "It is amazing the amount of movies that are being shot here, and I'm just super-excited about it on so many levels."

Recent shoots in the state have put Georgia's locations and talent on Hollywood's on-location radar, so studios are popping up all over. Perry just purchased a former Army base and plans to build a new studio there with 20 sound stages and a big backlot.

"The state is so easy for people to get to with the airport that we have here," Perry says. "But for me, I love being in a place where there are more trees than people. I love having space, and I love that you can come to Georgia and you can live so well here for what would cost you so much more in a lot of other states, like California."

Clearly, the state has a lot to offer, not just to production companies but any company looking to move

GEORGIA POWER serves 2.4 million customers statewide with one of the most reliable power grids in the country.

GEORGIA POWER

or grow here. "As companies are looking at coming to Georgia or even expanding, you've got to have a great community and a great environment to live in," says Commissioner Carr of the Georgia Department of Economic Development office. "As you leverage what we have, from our arts and culture to outdoor activities, not only in Atlanta but really around the state, we've got it all. And the final thing truly is the people of Georgia. I mean, folks are genuinely nice down here. Sometimes I think people hear this is the case, but you don't believe it until you get down here, and then you find out that people truly do care about who their friends and neighbors and coworkers are. So all these intangibles really have come together and are hitting all at the same time."

VOLUME 171, NUMBER 8

FORTUNE

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ILLUSTRATION BY **CHARLES WILLIAMS**

BY BRIAN O'KEEFE

The Chosen One

2014 COMPANY PROFILE

REVENUES	PROFITS	EMPLOYEES	TOTAL RETURN TO SHAREHOLDERS (2004-2014 ANNUAL RATE)
$485.7 BILLION	$16.4 BILLION	2.2 MILLION	7.1%

CEO Doug McMillon may be the best-prepared executive to lead WALMART since Sam Walton himself. Good thing—because the lumbering retail giant now faces stiffer competition than ever. Here's how he's reinventing the biggest company in history to win in the Digital Age.

IN HIS MORE than two-decade career at Walmart, Doug McMillon has unloaded trucks in a warehouse and helped lead a $2.4 billion acquisition in South Africa. He has been at various times one of the world's biggest buyers of teen sportswear, Halloween candy, and potpourri. He has discovered and sold off excess apparel inventory stored in an underground bunker. And he's been a champion for private-label baby formula. Through it all he has rarely, if ever, appeared flummoxed. And never at any point can anyone recall him struggling.

Until, that is, his first day in the office after officially taking charge as CEO of the world's largest retailer on Feb. 1, 2014. The problem: He wasn't sure where to sit.

McMillon arrived early on that Tuesday and reported to his new workspace—the same modest, 15-by-17-foot room with cheap wood paneling that has belonged to each chief executive of

PHOTOGRAPHS BY MACKENZIE STROH; RANK TYPOGRAPHY BY CHARLES WILLIAMS

TYPOGRAPHY PHOTOGRAPHS: DANNY ALLISON

WALMART CEO DOUG McMILLON,
PHOTOGRAPHED IN BENTONVILLE, ARK., IN APRIL

the company going back to Mr. Sam himself. That's when McMillon froze up a little. "I couldn't sit behind the desk," he says.

So he didn't. He plopped down on the visitors' side and began working from there. After a while Mike Duke, his predecessor as CEO and until days earlier his boss, stopped in to check on him. Gesturing across the desk, McMillon said, "I can't really go over there. I'm expecting you to be there." He added reverentially, "This is Sam Walton's office."

Duke laughed sympathetically and then nodded to the empty chair. "You've been appointed by the board of directors to be CEO," he said. "You've got to get on with it."

One could forgive McMillon, 48, for being momentarily daunted by the magnitude of the job. He is, after all, just the fourth CEO to lead the company in the years since Walton left the post in 1988. Walmart's founder is still revered as something close to a deity in Bentonville, Ark., where the company was founded and where its headquarters remain today. A distilled version of one of Walton's famous quotes—"Save money. Live better."—is today both Walmart's slogan and the core of its corporate mission. Other homespun bits of Walton's wisdom are preserved on signs on the walls of Walmart facilities. His influence lingers in other ways too. The Walton family, one of the wealthiest in the world, owns roughly 50% of Walmart's stock. Rob Walton, Sam's eldest son, remains chairman. The three previous chief executives who came after Walton—David Glass, Lee Scott, and Duke—were executive all-stars in their own right, growing Walmart from merely one of America's biggest retail chains to the colossus it is today. Sitting at Sam's desk isn't just any old job.

"Having been here a long time, I think I had the feeling that I knew what responsibility felt like," says McMillon. "And then you move into the role and you find out there's a whole 'nother level of it."

Indeed, running Walmart, the No. 1 company on the *Fortune* 500 list for the third straight year and for the 11th time overall, is not like managing a regular company. With $485.7 billion in revenue in 2014, Walmart outpaced No. 2 Exxon Mobil by a whopping $103 billion. If it were a country, Walmart's sales would rank it 28th in the world in GDP, just behind Norway and ahead of Austria. The company today has around 11,000 stores in 27 countries and 2.2 million employees—or "associates" as it calls them—making it the world's largest employer after the U.S. Department of Defense and the Chinese army. The scrutiny is of a comparable scale. Walmart is mentioned 60,000 times per day on social media. If that seems bananas, well, consider bananas, Walmart's No. 1–selling item: It sells 1 billion pounds of them a year. Everything about Walmart is supersize.

That includes its challenges. With sales approaching half-a-trillion dollars, Walmart is in uncharted growth territory. For the company to grow sales by a pedestrian 3% this year it would need to add $14.5 billion in revenue—more, for example, than either Whole Foods or Marriott had in total in 2014. The Wall Street consensus,

BATTLE OF THE RETAIL TITANS

While Walmart has nearly tripled its sales since 2000, Amazon has emerged as a growing threat. In terms of profit, it's no contest: Amazon lost $241 million last year.

however, is that the retailer will grow sales by less than 1% in 2015. Walmart has slowed the pace of expansion in China, a key growth market. And the company recently suffered through six straight quarters of negative or flat U.S. same-store sales growth—an almost unheard-of sign of weakness in Bentonville.

Over the past five years Walmart's stock price is up 47%. That's only half the gain of the S&P 500 and badly trails the returns of retailers from Costco to Whole Foods to TJX.

Where once Walmart was the ultimate disruptive force in retail, rolling across the land with its army of supercenters, today it finds itself facing fierce competition on every front. Rivals such as Target and Costco have recently posted better-than-expected results. The major grocery store chains such as Kroger and Safeway have adapted and learned how to compete better on price while outdoing Walmart on "fresh," drawing in shoppers in search of better produce and prepared food. (For a company that gets 55% of U.S. revenues from grocery sales, that's a major concern.)

At the same time Walmart has been losing cash-strapped customers to so-called dollar-store chains such as Family Dollar and Dollar General. The combination of a deep recession after the financial crisis in 2008 and elevated

GRAPHIC SOURCES: WALMART AND AMAZON FILINGS

Employees stock shelves at a Miami Walmart. A minimum-wage hike announced in February will bring a raise to some 500,000 workers.

JOE RAEDLE—GETTY IMAGES

gasoline prices in recent years gave those bargain-priced, small-format rivals an opening with customers who couldn't afford to drive out of their way to supercenters on the edge of town. Over the past decade in the U.S., the total number of dollar stores has jumped 50%, from under 17,000 to more than 25,000.

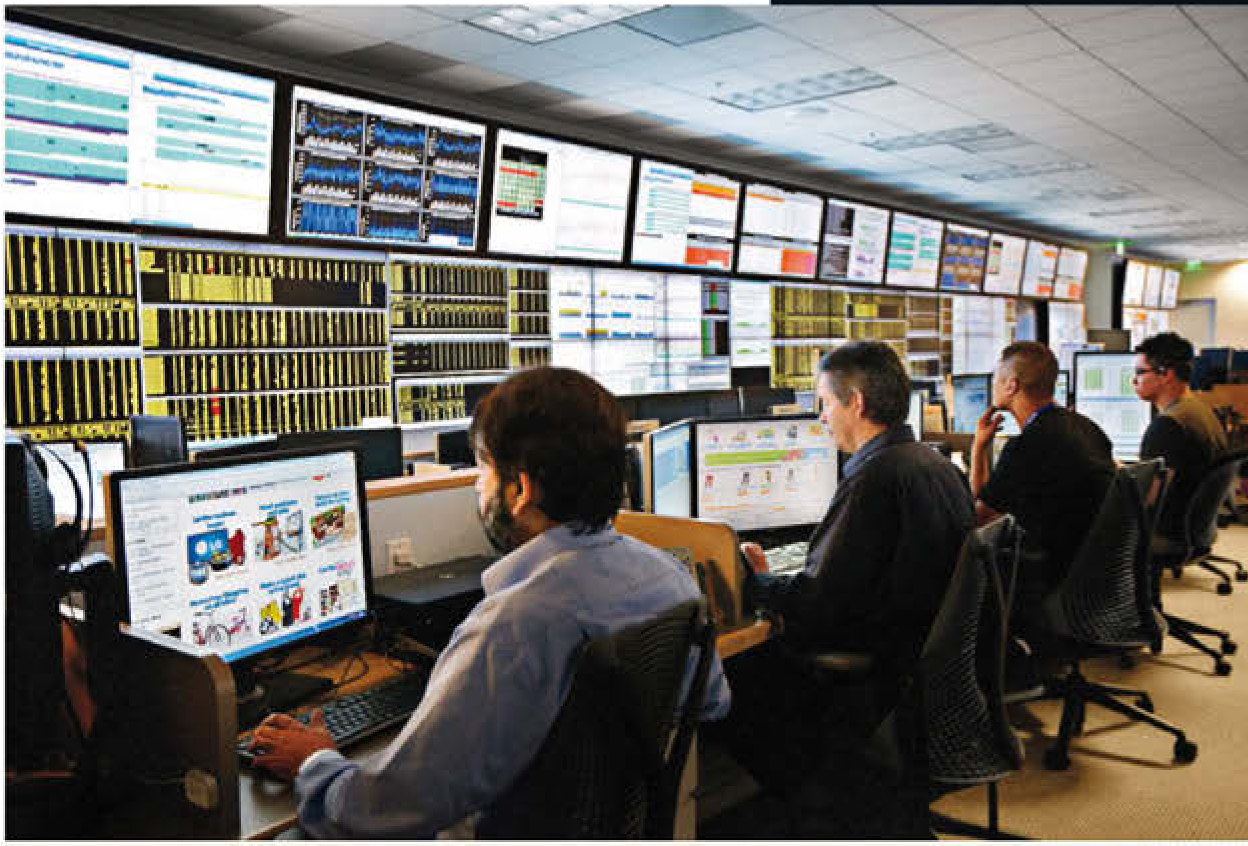
Then of course there is the rise of Amazon .com, No. 29 on the 500 this year, with $89 billion in sales. Over the past three years, a period during which Walmart's sales grew by a total of 8.6%, revenue at Amazon has nearly doubled—though it has yet to establish itself as a consistent profit-maker (see chart). With a market value of $173 billion, Amazon is well on its way to catching up with Walmart's $265 billion stock valuation.

But the influence of Amazon goes well beyond the raw numbers. The online retailer that Jeff Bezos built has changed the habits and expectations of consumers in ways to which Walmart must adapt—evolving from a "push" model, where merchandisers have a large degree of control, to a "pull" model, where shoppers are more empowered than ever. Says Brian Yarbrough, a retail analyst at Edward Jones in St. Louis: "Amazon and online retailing is probably the biggest disrupter of retail since Walmart itself."

For all of these reasons Walmart finds itself at a critical juncture in its history—and the company is counting heavily on McMillon's ability to meet the extraordinary challenges ahead. He is a homegrown talent who was marked for leadership early. And he's spent his entire career rotating through different roles at Walmart in preparation for this moment, like a can't-miss prospect working his way up to the Big Leagues. In that sense the company's directors didn't so much select McMillon as CEO as anoint him.

"I told the board that I thought that he would be the best CEO since Sam," says Lee Scott, who succeeded Glass in 2000 and served nine years as Walmart's chief executive. "I think he's prepared so much better than we were. And his view of the world, his understanding of the context of Walmart within that world, his age and youth in an environment that's changing so quickly—all of that I think is going to give him more energy to embrace change rather than try to simply cope with change."

McMillon has impressed executives outside Walmart as well. Facebook COO Sheryl Sandberg got to spend time with McMillon last year when he and his executive team visited Facebook, and the two have stayed in touch. She views him as the rare executive who can focus on day-to-day operations while at the same time driving innovation. "Usually when you meet leaders, you get a sense that they're focused on one or the other: execution of their current business or innovative ways to grow," says Sandberg. "What's interesting about spending time with Doug is that he's clearly on both. His conversations, his questions—he's on both."



The network operations center, located inside Walmart's global e-commerce headquarters in San Bruno, Calif., tracks order volume, site traffic, and social media activity in real time around the world.

COURTESY OF WALMART

With so much to accomplish, McMillon has moved with a sense of urgency in his first 16 months on the job. He has put new executives into key roles, accelerated investments in e-commerce, and made news by raising the minimum wage for hundreds of thousands of Walmart workers—the last of these as part of a concerted effort to improve the store experience by empowering frontline associates. McMillon is trying to reinvent his half-century-old company and infuse it with a new, Silicon Valley–esque metabolism.

The difficulty of that task is not lost on the Arkansas-born CEO, a thoughtful type who is as comfortable diving into data as he is chatting with associates. "I think that we are moving faster today than we moved a year ago," says McMillon. "I can see progress in certain areas. And another way I know is that people are complaining about how fast we're going. But I think in today's environment, that pressure needs to be there." The question is, Can McMillon get Walmart to change fast enough?

ON A RECENT Tuesday evening, I meet McMillon at the site of one of his company's newest retail experiments: Walmart Pickup-Grocery. Located just a couple of miles from the company's home office in Bentonville, the "store" opened last September and isn't really a traditional outlet but rather a mini-warehouse next to a parking lot where shoppers can drive in and collect items they preordered online. First they sign in at a neon-green kiosk with a digital display. They're assigned one of 33 parking spots, and after a moment a Walmart employee wheels the order out on a dolly and loads it in the back of the customer's SUV or minivan.

McMillon arrives just before 6 p.m. in his shiny black Jeep Rubicon, a vehicle with macho rims that give it the effect of a mini-Hummer. "I always wanted a Jeep," he says, professing not to know the exact model. "I just went in last year and told them I wanted an all-black one." The 6-foot-2 McMillon looks younger than his 48 years, with the slightest hint of gray in his brown hair. He was on his way to his son's high school soccer game and had changed out of his suit and was wearing a black Bentonville Tigers windbreaker, jeans, and running shoes.

The pickup facility is the only one of its kind in the U.S. for now, but it's one of many pilot programs Walmart is testing to connect with customers in new ways. The company is also experimenting with pickup of online orders at regular stores in five cities around the country.

A SOFT PATCH FOR THE SUPER-STORE

When Walmart was first added to the *Fortune* 500 in 1995, sales were rocketing upward. Now the retailer is struggling to battle the forces of gravity.

Another idea is to serve shoppers in busy office complexes by letting them collect preordered groceries at the end of the day from a truck in a nearby parking lot. (Many of these ideas have been imported from Asda, Walmart's supermarket subsidiary in the U.K.)

The whole point of such experimentation is to challenge the metabolism of the staid retailer and learn to "fail fast" in pursuit of innovation. That's a new concept in the culture of Walmart, where failure in general had never been an option, much less a desired outcome. "We know there's a good chance it won't work, and that's okay," McMillon says. "We'll learn stuff."

They already have. When Walmart opened the 15,000-square-foot grocery pickup facility, McMillon says his team thought they could staff it with 25 associates and offer 10,000 items, or SKUs. It turns out they've had to bump the staff up to 54 people while bringing the SKU number down to 8,000 simply to make sure they can stay in stock. Inside are blue racks stacked with everything from Honey Bunches of Oats cereal to Colgate toothpaste, and there is a large cold room. Still, the selection seems almost Soviet in its scarcity compared with a typical supercenter, which has about 142,000 SKUs.

As McMillon tours the warehouse, something catches his eye. He stares at a wall sign with a nugget of Sam Walton's wisdom: "Focus on something the customer wants, and then deliver it." McMillon nods his head. "I haven't seen that one before," he says. "That's a good one." Turning away to walk down the aisle, he volunteers: "Sometimes I wonder if he really said all that stuff."

When McMillon was 16, his father, a dentist, moved the family from Jonesboro, Ark., in the eastern part of the state, to Bentonville because he saw better growth potential for his new practice in the little town where Sam Walton was building an empire. The McMillons were regular churchgoers. Doug, the eldest of three kids, played sports, especially basketball, and became the point guard on the Bentonville high school team.

He was expected to achieve. "My dad always had very high standards for me, from day one," he says. Holding his left hand up over his head to demonstrate the high bar, he stretches his right hand to the same height. "And I always had my mom whispering in my ear, 'You can do this.'" His strong sense of competitiveness, McMillon says, comes from her. "Doesn't matter if it's Ping-Pong or a board game, she brings it."

McMillon spent two summers in high school working in Walmart warehouses, mostly because the job paid $6.50 an hour vs. less than $4 at McDonald's. The idea of a career in retail hadn't yet crossed his mind. He attended the University of Arkansas down the road in Fayetteville and worked summers at the Bank of Bentonville. McMillon next enrolled in the MBA program at the University of Tulsa. Before his second year he called a Walmart executive named Bill Fields. McMillon had interviewed with Fields before, and he told him he might be interested in enrolling in the retailer's buyer-training program after finishing school. Fields told him he could start at Store No. 894 in Tulsa right away. He would be an assistant manager. McMillon pointed out that he had a full course load to manage. "He said, 'Yeah, I don't care. It's a 52-hour workweek. You can do it,'" says McMillon. He reported for work soon after.

McMillon loved the job from the moment he started, and his first day was almost too good to be true. His new boss told him he would be a buyer trainee in sporting goods, in charge of fishing tackle, and pointed him to a pile of paperwork to sort through. McMillon had been looking through the stack for a few minutes when he found a yellow Post-it with a handwritten note that read "Walmart Trilene Fishing Line" and a price—and then "Kmart" and a lower price. There was an initial on it. McMillon wasn't sure what to do, so he walked it over to his boss.

"Do you know who that's from?!" the manager asked. "That's from Sam Walton. How long have you had this?" McMillon replied: "I just got here!" They immediately lowered the price on the fishing line to beat Kmart, and got word to Walton.

From that first job in 1990, McMillon began a rapid ascent through the merchandising side of the business. He was a buyer for ladies apparel and crafts and fabrics. He worked with diapers, luggage, and office supplies. And he was viewed early on as a future leader. Eventually he was made CEO of Sam's Club, Walmart's members-only warehouse chain. In 2009, when Duke succeeded Scott as CEO of Walmart, McMillon replaced Duke running Walmart's international operations.

One of McMillon's strengths is his listening ability. Instagram

GRAPHIC SOURCE: WALMART

Mr. Sam and His Shepherds

How each of **SAM WALTON'S SUCCESSORS** fared in keeping Walmart going—and growing.

SAM WALTON
1962–88*

TOTAL RETURN TO SHAREHOLDERS:
Up 6,985%

The legend's words live on as Walmart's mission statement: "Save money. Live better."

*FROM 1974 TO 1976, RON MAYER OVERSAW THE COMPANY UNDER SAM WALTON.

DAVID GLASS
1988–2000

TOTAL RETURN TO SHAREHOLDERS:
Up 1,936%

The Supercenter Age begins. Glass added groceries to Walmart's stores and expanded internationally, kicking off a new era of growth.

LEE SCOTT
2000–09

TOTAL RETURN TO SHAREHOLDERS:
Down 20%

A master of logistics, Scott managed through turbulent times. He also turned the retailer into a leader in corporate sustainability.

MIKE DUKE
2009–14

TOTAL RETURN TO SHAREHOLDERS:
Up 79%

Duke made big investments in technology, dragging the brick-and-mortar enterprise into e-commerce relevance even as store sales cooled.

DOUG McMILLON
2014 TO PRESENT

TOTAL RETURN TO SHAREHOLDERS:
Up 3%

In the past 16 months McMillon has driven Walmart deeper into the digital realm while bringing some old-fashioned spit and polish to stores.

co-founder and CEO Kevin Systrom joined Walmart's board last fall. His first meeting with McMillon, during the recruitment process, made a big impression on him. "He's one of the most intensely friendly people I've ever met," says Systrom. "And intensely friendly in the sense that his focus is on *you*, like there's no other thing going on in his mind when he's talking to you. He's not distracted. He's not thinking about a meeting he has next. He's 100% focused on you." Systrom says it's a quality he "hasn't seen in any other executive [he's] met in the Valley, nor in business period."

That focus, combined with McMillon's long history at Walmart, makes it easy for him to relate to associates at all levels of the company. And McMillon knows that getting outside Bentonville is the best way to receive unvarnished input on what's really going on. That's part of the reason he decided to spend one of his first days as CEO riding with a Walmart truck driver in Mississippi.

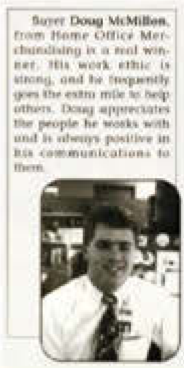
McMillon traveled to Walmart's distribution center in Brookhaven, Miss., and got paired up with a 52-year-old driver named Rickey Oliver on a delivery run to a store in Magee, Miss. The 3½-hour roundtrip gave them plenty of time to talk. Oliver got right to the point, though. "What are your plans as CEO here at Walmart?" he asked almost as soon as they got on the road. McMillon asked him if he was familiar with Walmart.com. "He said, 'That's what I'm going to work on. We're going to make Walmart.com No. 1,'" recalls Oliver. "And so we talked about that quite a bit."

Oliver had some feedback to share. He told McMillon that Walmart.com was much harder to navigate than Amazon. When Oliver searched Walmart for baseball gear, the top results were videogames and other stuff, not bats and gloves. Amazon gave him the results he wanted right away. McMillon promised he would work on it, and the driver says he's kept his word. "I can see Walmart.com getting much, much better than it was," says Oliver.

After the ride was over, McMillon thanked his new adviser and said he was going to send him a book, journalist Brad Stone's *The Everything Store*, about the rise of Amazon. A few days later the book arrived. "And I read it," says Oliver. "And I sent him my thoughts on it."

Did McMillon write back? "Oh, yeah," says Oliver. "When I send him an email he always responds within just a few minutes."

FROM LEFT: ROB NELSON—THE LIFE IMAGES COLLECTION/GETTY IMAGES; ROB KINMONTH—THE LIFE IMAGES COLLECTION/GETTY IMAGES; DANIEL ACKER—BLOOMBERG NEWS/GETTY IMAGES; JOSHUA ROBERTS—BLOOMBERG/GETTY IMAGES; MACKENZIE STROH


Buyer Doug McMillon, from Home Office Merchandising is a real winner. His work ethic is strong, and he frequently goes the extra mile to help others. Doug appreciates the people he works with and is always positive in his communications to them.

Left, McMillon during his time running Sam's Club, photographed for *Fortune* in 2008; right, a sign of things to come: McMillon is featured in *Walmart World*, an internal magazine for associates, in May 1993.

FROM LEFT: BRIAN SMALE; COURTESY OF WALMART

McMILLON IS IN pitch mode. On this sunny afternoon in late February he's sitting onstage in an auditorium at Stanford's Graduate School of Business—ground zero for Silicon Valley brainpower. And he's not going to miss the opportunity to do a little recruiting. When the graduate student interviewing him asks why he has stayed at Walmart for his entire career, McMillon responds that the complexity of running a giant retailer always keeps him engaged.

"The startup thing sounds cool," he says. "But I haven't heard of one yet that is more challenging than what we're trying to do. If you want hard, try to take a 52-year-old business that's this size and change it. That's hard." Providing jobs to more than 2 million people, he adds, makes it important work too. He pauses. "So if you want to work at Walmart, give me a call."

In recent years the company has worked hard to make that a compelling prospect, investing heavily in both technology and talent. The e-commerce business, which has its headquarters in San Bruno, just south of San Francisco, now employs about 2,500, up from 500 four years ago—what Walmart's e-commerce CEO Neil Ashe calls building "talent density." It has constructed one of the world's largest private clouds—from scratch. Ashe and his team have increased the number of items available for sale on Walmart.com from 1 million three years ago to 7 million today, and the number should exceed 10 million by year's end. This spring the company is opening four new fulfillment centers around the country, each of which is more than 1 million square feet. And in the most obvious face-off with Amazon, Walmart is preparing to introduce its own version of Prime, Amazon's free delivery service for premium customers.

McMillon would be the first to tell you that he doesn't have a digital strategy: He has an "everything" strategy. He wants—make that *needs*—to combine online speed with Walmart's billion square feet of store space (a land area twice the size of Manhattan) to let customers shop however they want, whether it's ordering on their mobile phones for home delivery, through in-store pickup, or by good old-fashioned aisle wandering. The industry buzzword for this is "omnichannel." And Walmart, not surprisingly, has its sights set on being the megapower of omni-retailers.

To accomplish this goal McMillon knows full well his biggest challenge is as much analog as digital. When he was named CEO, it had been more than a decade since the onetime assistant manager had worked in U.S. stores. He'd spent years first at Sam's Club and then running Walmart's international business. When he got the top job, his first task was store immersion. It wasn't pretty. Items were often out of stock. Produce in the grocery aisles looked decidedly less fresh than at rival chains. McMillon—who keeps a list on his phone of the top 10 retailers for each of the past five decades as a reminder that even the mighty can fall—felt the urgency of the moment.

His first big move was to put a New Zealander named Greg Foran in charge of U.S. stores. The Kiwi, an intense if soft-spoken 54-year-old who spent three decades with Woolworth's in Australia, has leaped into the fix-'er-up job with gusto. Foran put into place a crash three-month program he calls "unvarnished appraisal," in which he solicited no-holds-barred feedback from store managers—he got responses from thousands of them—and drilled down into the metrics of the retailer's 4,500 U.S. stores. How do customers rate them in key metrics such as clean, fast, friendly, and in stock? (Walmart polls them daily.) What is the cost of labor?

It was clear from the data that Walmart would have to seriously up its game. To get the accountability they wanted, McMillon and Foran reasoned they would have to pay their employees more. In February the CEO said he would raise the minimum wage for associates to $9 an hour this year, and to $10 next year. That was the announcement that made headlines—and pushed rivals Target and TJX to raise their wages as well. But it was just part of a much broader overhaul. The company is increasing the amount of

Four Steps to a Reinvention

CEO DOUG McMILLON'S PLAN TO REMAKE A RETAIL PIONEER

1 **GO "WALMART-SIZE" ON E-COMMERCE:** Build one of the world's biggest private clouds. (Check.) Now, compete with Amazon on its own turf. (In progress.)

2 **THINK "OMNICHANNEL":** Make it easy for customers to buy anywhere, anyhow—and get their purchases anywhere, anyhow.

3 **REV YOUR METABOLISM TO STARTUP MODE:** Experiment, experiment, experiment; invade Silicon Valley for fresh talent.

4 **BRING BACK MR. SAM:** Well, his spirit, anyway. Give local managers more autonomy to make stores sparkle—and hold them accountable.

training for its associates and eliminating so-called zone managers to give more responsibility back to frontline workers.

Foran is impatient to see the results. He has set Oct. 1 as a deadline for every store to show major improvement before the Christmas shopping season heats up—even coming up with a corny catchphrase to drive it home: "10-4 for 10/1." Signs with the slogan recently appeared around Walmart's headquarters, with digital clocks counting down to midnight on Sept. 30.

As massive and tech-oriented as the company's challenges are today, there is something about the current efforts to tear through bureaucracy that feels very much like classic Walmart. A question that has caught on of late with McMillon's senior managers is, "Who owns the D?" Who is taking ownership of a decision? It's the 2015 equivalent of a yellow Post-it from Mr. Sam, a reminder that someone needs to take responsibility for making things better for customers.

FOR THE GUY who now owns the D at the biggest company in history, McMillon seems awfully relaxed as he watches his younger son, a senior in high school, play left wing for the Bentonville Tigers soccer team. He barely reacts when the young man gets a yellow card for an aggressive challenge. (Indeed, McMillon predicts it: "You're going to get a card on that one," he says quietly to no one in particular before the referee reacts.) The CEO even seems at ease when he broaches a touchy topic.

How much of a headwind, he asks me, is Walmart's fraught reputation?—but then begins to answer it on his own. "For us, the company we know is different from the way some perceive it, and it's frustrating," he says. "Some shoppers read that we don't treat our people well or whatever. And I wonder sometimes just how much time we should be spending on that. It's clearly important. What people think about the company is important."

But if Walmart's gargantuan size makes it hard to move the needle on growth, its established place in the public's mind makes it equally difficult to rewrite its reputation. Walmart won kudos for its wage announcement, but soon critics were suggesting that it would cut hours to make up the difference and pointing out McMillon's substantial pay package. (He made $19.4 million last year, according to a 2015 proxy filing.)

Two months later Walmart closed five stores for what it said were plumbing problems, furloughing more than 2,000 workers. Many media outlets, however, seized on a different story line: highlighting claims that the Bentonville retailer had shuttered the venues as retribution because one of the stores had been the site of a worker strike against the famously anti-union company. Says McMillon: "Temporarily closed. Five stores. All with more than 100 plumbing incidents in a relatively short period of time. And it's this big of a story? Really?"

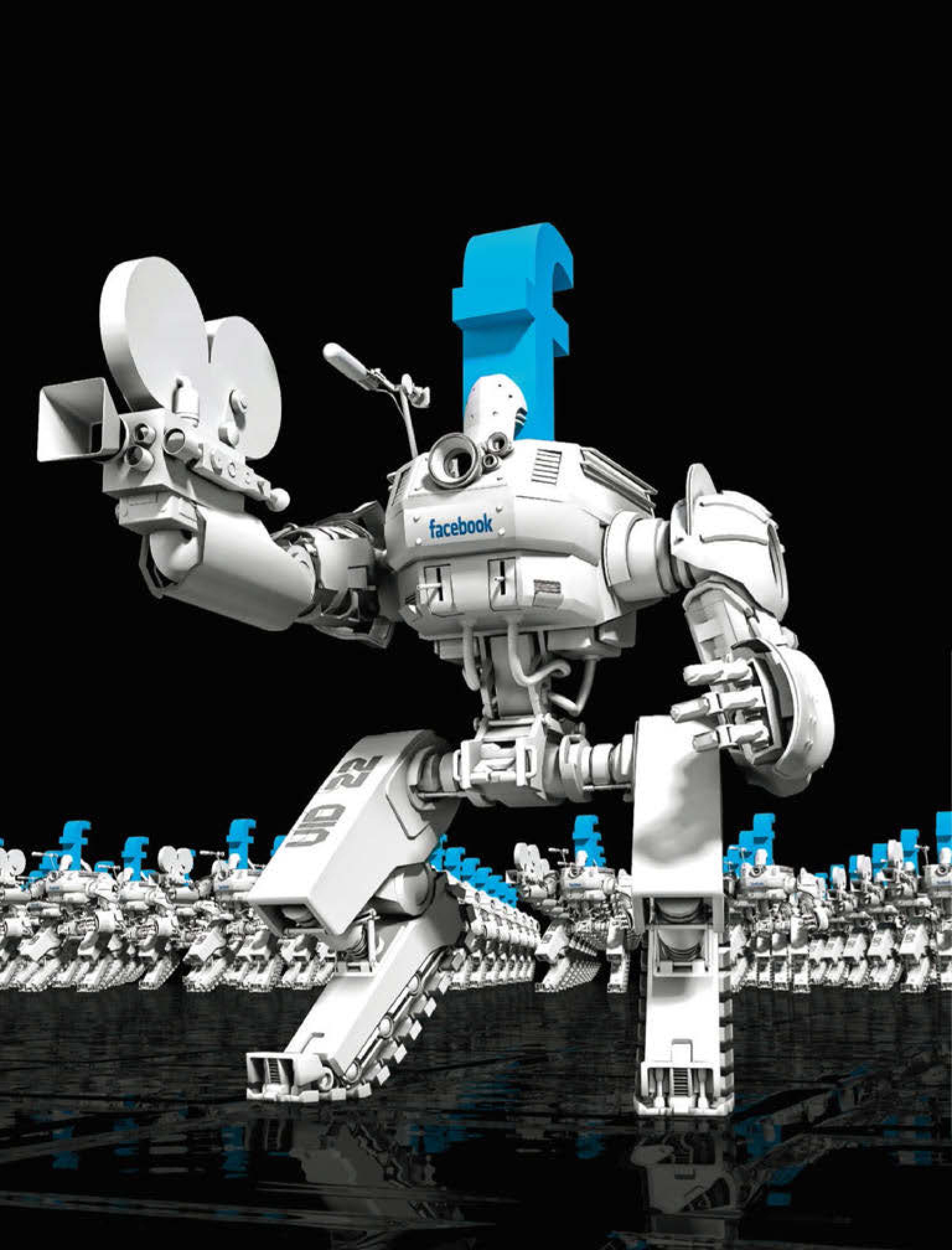
McMillon acknowledges that he "probably can't" reverse the narrative with everyone. "But I think we can do things—not say things—that can make the narrative less believable," he adds. That includes the company's campaign, announced in late May, to press its meat and dairy suppliers to curtail the use of antibiotics in farm animals.

Scott, who spent nine years as CEO dealing with the same reputational challenge, agrees that actions matter more than words. "If you have a dirty store, a store that's out of stock, an associate encounter with a customer that is not friendly and not helpful, then all of the things said about you become very believable," he says. "But if your store is friendly, well stocked, the associates greet you, and the cashier thanks you, then the criticisms do not really resonate with the customer."

For McMillon that wisdom boils down to three little words: "Run great stores." That's what he was chosen to do.

FEEDBACK: BOKEEFE@FORTUNEMAIL.COM


IF WE
don't want to throw it away, can we eat it instead?
Nutritious packaging – a dream our software could bring to life.
Innovative thinkers everywhere use INDUSTRY SOLUTION EXPERIENCES from Dassault Systèmes to explore the true impact of their ideas. Insights from the 3D virtual world enable manufacturers to investigate new ways to package their products that improve both their commercial and environmental performance. How long before they're improving their taste too?
3D
V+R
3DEXPERIENCE
It takes a special kind of compass to understand the present and navigate the future.
3DS.COM/CPG
DASSAULT SYSTEMES | The 3DEXPERIENCE Company

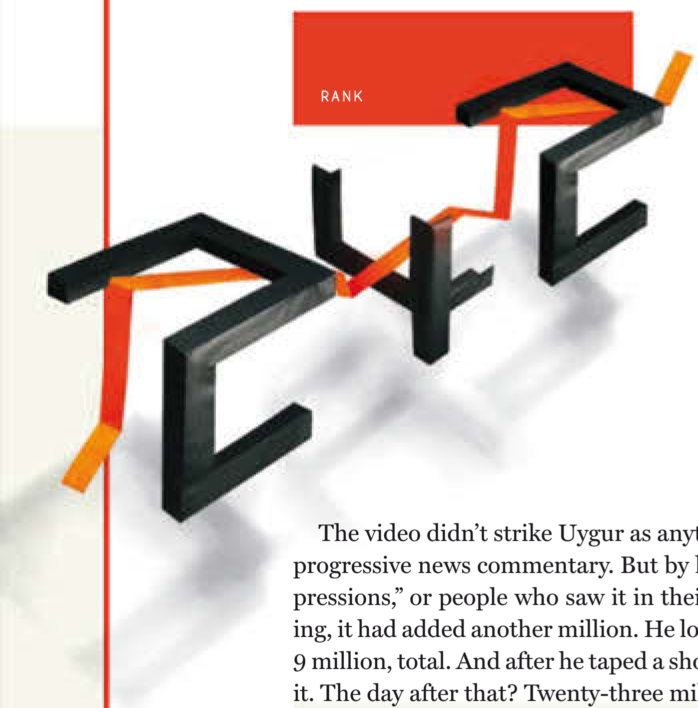

facebook
UID 22

BY ERIN GRIFFITH

Facebook's Video Invasion

2014 COMPANY PROFILE			
REVENUES	PROFITS	EMPLOYEES	TOTAL RETURN TO SHAREHOLDERS (SINCE IPO, ANNUAL RATE*)
$12.5 BILLION	$2.9 BILLION	9,199	31.3%

*MAY 18, 2012, TO DEC. 31, 2014.



Almost overnight, FACEBOOK'S video traffic has skyrocketed, making the company an even tougher contender in the battle for online advertising dollars. Here's why a small tech tweak at the social network is making big waves at other *Fortune* 500 companies.

CENK UYGUR CAN pinpoint the day he realized that Facebook video was going to rewrite his business model. It was April 6, the day his digital-video startup, TYT Network, uploaded a clip to the social network called "Teachers Sent to Jail FOR DECADES."

The video didn't strike Uygur as anything special—just a typical example of his network's progressive news commentary. But by lunchtime, it had racked up 7 million Facebook "impressions," or people who saw it in their Facebook News Feed. By the time he finished eating, it had added another million. He looked again when he arrived at his Los Angeles office: 9 million, total. And after he taped a show: 15 million. A day later, 18 million people had seen it. The day after that? Twenty-three million.

ILLUSTRATION BY EDDIE GUY

Facebook's Chris Cox: His team's video breakthrough was inspired by special effects in Harry Potter movies.

Looking over the stats, Uygur, who is TYT's CEO, thought about all the videos his startup shared on the social network. "Oh, my God, these are all going to pop," he thought. "It's just a matter of time." He had a second thought: "Our business is going to double."

In recent months that kind of "oh, my God" moment has occurred for video creators around the world. News site BuzzFeed's video views on Facebook grew 80-fold in a year, reaching more than 500 million in April. A series of eight videos by digital-media startup Mic garnered 33 million views in just two months. TYT has watched views grow by 10 times in four months. Dozens of other sites are reporting similar results—great news for them, and even better news for the social networking giant.

Seemingly overnight, video uploading and viewing have exploded on Facebook, where users now watch 4 billion video streams a day, quadruple what they watched a year ago. It's happening because the social network's engineers, quietly and with little fanfare, have retooled Facebook's interface to make video easier than ever to watch and share. In February 2014, only a quarter of all videos posted to Facebook were uploaded directly to the network, while the rest came from YouTube or other video sites, according to analytics company Socialbakers. By a year later, the ratio had flipped: 70% of Facebook's videos were uploaded directly.

These may sound like minor technical distinctions, but tiny changes make a huge

PHOTOGRAPH BY BRAD WENNER

difference when you've got 1.4 billion monthly active users. Facebook and its subsidiary Instagram already account for one out of every five minutes Americans spend on smartphones, and Facebook drives nearly a quarter of all web traffic. The company's recent video improvements will likely push those numbers even higher. And while the surge will help the social network do even more to entertain bored millennials, there is also big money at stake. Facebook is, after all, in the advertising business. The new video-tech innovations not only encourage its users to spend more time on the site, but they also make it easier for marketers to reach those users.

Facebook has already proved that it's a quick study in the ad world. Mobile advertising, a meaningless sliver of its business three years ago, made up 73% of its $3.3 billion in advertising revenue in the first quarter of 2015. It's the main reason Facebook's total revenue has roughly tripled over that stretch, and it's the driver of the network's current $226 billion market cap and gaudy 40% operating profit margins. Video, especially mobile video, could blow up just as dramatically for Facebook, offering a gateway for advertisers to reach digital consumers in the format that most closely resembles television—just as the migration of advertising dollars from television to digital reaches a tipping point. Facebook has become "synonymous with mobile," Carolyn Everson, Facebook's vice president of global marketing solutions, said at a recent investor conference. "I think that the next frontier is becoming synonymous with mobile video."

To reach that frontier, Facebook is plowing resources into its video products at a rate that has executives buzzing at the television networks that are steadily losing ad spending to the Internet, and at the agencies that broker that spending. Above all, the push is raising questions for Google's YouTube, the big kahuna of online video for the past decade, which for the first time faces a competitor that can match its reach.

Facebook's mission-driven executives, famous for downplaying any profit motive, argue that the video push is not about money or getting a competitive edge—it's about giving users what they want and connecting them to the content that matters. Still, "the TV money is coming," says Richard Raddon, co-CEO of Zefr, a video data company. "Everyone is waking up to the fact that this is war." Facebook doesn't speak the language of conflict, but it suddenly looks very well-armed.

EVERYTHING IS RAD in "Awesome Town," the conference room in which Facebook chief product officer Chris Cox holds his meetings. Adorned with gray mid-century furniture and neon-colored pillows, it is distinctly *not* an office, I'm told, because nobody at Facebook has an office. With capacity for 2,800 employees, Facebook's new Frank Gehry–designed headquarters in Menlo Park, Calif., has the world's largest open-office floor plan. Even CEO Mark Zuckerberg and COO Sheryl Sandberg hold meetings in large glass snow globes bathed in sunlight, visible to passersby, if not approachable.

Facebook did not make Zuckerberg and Sandberg available for this story. Cox, on the other hand, is excited to talk about video. He's excited to talk about any Facebook product, really, and about the company's mission to "make the world more open and connected." An Atlanta native who speaks with impassioned sincerity, Cox dropped out of a master's program at Stanford to join Facebook in its very early days as a software engineer and became vice president of product in 2008. Any cynical questions from a business reporter, like "Is Facebook video a play for TV ad dollars?" or "Are you trying to beat YouTube?," are quickly countered with the Mission: making the world more open and connected. There wasn't some grand plan to become a video juggernaut, Cox says. It was just an experiment that actually, surprisingly, worked.

In late 2013 a handful of engineers on a "new ideas" team were studying why so few people clicked on videos in News Feed, the main stream of content that Facebook users scroll through. The engineers hypothesized that the video thumbnail images weren't compelling and that even when they were, people got impatient waiting for videos to load.

Then one day the team remembered the *Daily Prophet* newspaper from the Harry Potter movies, where images on the printed page magically come to life as the characters read. Cox describes it as an "of course" moment: "News Feed clearly should be alive and move in your hands on smartphones." So why not automatically play all the videos?

There were internal doubts about video autoplay—few things on the web are as annoying as an unwanted video stream with a loud, distracting soundtrack. Cox's team assuaged these fears by turning the sound off by default: Facebook autoplays are silent until users choose otherwise. There were also technical challenges to making the preloaded videos work, particularly on phones and tablets and in regions with slow Internet connections. But

Facebook threw more engineers at the problem and launched a prototype to a test audience in September 2013.

The result was, in Cox's words, "completely rad," and also "awesome." Views steadily grew as Facebook rolled out the feature more widely. One eye-popping milestone: Last summer the biggest viral video phenomenon of 2014—the ALS Ice Bucket Challenge—happened mostly on Facebook, where 440 million viewers watched Ice Bucket videos a total of 10 billion times. (YouTube announced only 1 billion Ice Bucket views.) By January, Facebook was serving 3 billion video views a day. In April, Facebook hit 4 billion views per day, matching the latest estimates available for 10-year-old YouTube.

YouTube's CEO Susan Wojcicki at the company's NewFront event for advertisers in April. Facebook's video audience now rivals YouTube's for the first time.

Of course, not all views are created equal, as digital-video executives will pointedly tell you. Facebook counts any video that plays for at least three seconds as a view, so its numbers include inattentive drive-bys and "nah, this is boring" changes of mind. YouTube switched its focus in 2012 from number of views to amount of viewing time, which the site says currently totals "hundreds of millions of hours" per day and is growing 50% year over year.

Facebook doesn't release viewing-time metrics, but there's anecdotal evidence that users have long attention spans. Complex Media, a culture-focused media company founded by fashion designer Marc Ecko, reports average completion rates of 78% for its Facebook videos, which last two to 10 minutes. But regardless of how long they're watching, Facebook's fast-growing audience is making marketers pay attention. "Everybody thinks of YouTube as the default holding place for video," says Scott Symonds, managing director of media at digital ad agency AKQA. "Facebook is changing that and fast."

YOUTUBE'S CEO IS onstage rattling off statistics, and the kids won't stop screaming. The company's Madison Square Garden ad-sales event is filled with Madison Avenue suits, save for a gaggle of teenage superfans in the front section who respond to everything Susan Wojcicki says with a spirited chorus of "Woooooo!"

The event is part of the annual NewFronts, designed to dazzle advertisers into spending some of the budgets earmarked for television commercials on digital video instead. Dazzle and scare them: In an ominous speech, YouTube star John Green, known for his Vlogbrothers channel, warns the suits that they risk losing relevance with an entire generation if they advertise only on TV. The teens dutifully Woooooo! The suits chew sriracha popcorn and nod.

YouTube has been making a version of this pitch for most of its existence. But the company's 2015 NewFront contained a much subtler dig at a new competitor. Across two hours of PowerPoints and performances, the name Facebook was never mentioned, but the network's presence was clear to anyone paying close attention. Comedian Grace Helbig highlighted the active engagement of her YouTube fans. "They're not just passively seeing it as they scroll by," she said. (You know, like on Facebook.) Green touted the power of YouTube's fans while dissing the shrinking "eyeballs" business of easily ignored display ads. (You know, like on Facebook.)

Similar themes surfaced on YouTube parent company Google's earnings call, just before the NewFronts. Google

STEPHEN LOVEKIN—FILMMAGIC/GETTY IMAGES


Kelley Blue Book named Subaru the Most Trusted Brand, Lowest Cost to Own, and Best Resale Value for 2015.*
KELLEY BLUE BOOK OFFICIAL GUIDE
2015 BRAND IMAGE AWARDS
KELLEY BLUE BOOK OFFICIAL GUIDE
2015 5-YEAR COST TO OWN AWARDS
KELLEY BLUE BOOK OFFICIAL GUIDE
2015 BEST RESALE VALUE AWARDS
There's even more to love about Subaru than the seven IIHS Top Safety Picks, the capability of Symmetrical All-Wheel Drive, and the fact that 95% of Subaru vehicles sold in the last 10 years are still on the road today.† Choosing a Subaru is the best financial decision you can make when buying a car. Love. It's what makes a Subaru, a Subaru.
SUBARU.
Confidence in Motion
Subaru is a registered trademark. *2015 Kelley Blue Book Brand Image Awards are based on the Brand Watch™ study from Kelley Blue Book Market Intelligence. Award calculated among non-luxury shoppers. 2015 model-year vehicle's projected cost to own for the initial five-year ownership period is based on the average Kelley Blue Book 5-Year Cost to Own data which considers depreciation and costs such as fuel and insurance. Vehicle's projected resale value is specific to the 2015 model year. For more information, visit Kelley Blue Book's KBB.com. Kelley Blue Book is a registered trademark of Kelley Blue Book Co., Inc. †Based on IHS Automotive, Polk U.S. Total Registrations MY2005–October 2014.

chief business officer Omid Kordestani noted that YouTube is a video destination, and therefore a YouTube session is a great time to show video ads to viewers: "Not when they are distracted by something else." (You know, like on Facebook.)

Before this year, YouTube had little competition for videos from the Internet's homegrown stars. When Steven Kydd launched Tastemade, his food-focused video network, in 2013, YouTube was essentially the only place to publish. "It was a one-horse town," he says. Now distribution platforms from Facebook to Apple TV, Amazon Prime Instant Video, Snapchat, Vessel, Spotify, and Roku all want original video content. Some are offering creators like Tastemade a better deal than YouTube's revenue-share model, in which Google gets a whopping 45% of the money their videos generate. "It's a good time to be in the content business," Kydd says with a wry smile.

In the one-horse-town days, when creators complained about the revenue split, YouTube had a one-word answer: "Scale." As the only video platform with a billion-person audience, YouTube had the power to dictate terms. But lately, in a bid to outflank the new competition, YouTube has been rushing to lock its creators into long-term contracts, offering cash bonuses in exchange for exclusivity deals, according to the *Wall Street Journal*. (A Google spokesperson declined to comment on the report but said, "We've always invested in creators and their success.")

Facebook hasn't yet offered Internet stars a way to make money. So far, its sales pitch is simply, "Access our massive audience." That pitch has already persuaded many traditional media brands to distribute more content via Facebook (including, full disclosure, *Fortune*, which recently launched a video interview series that Facebook hosted at its headquarters). That's how Facebook persuaded Michelle Phan, famous for her makeup demonstrations and her 7.7 million YouTube subscribers, to post sneak-preview videos of her book to her Facebook page. It's why Uygur's TYT Network, which has more than 2 million YouTube subscribers, created a new show called *Final Judgment* specifically for Facebook. TYT isn't making money on that content yet, but Uygur isn't worried. "We believe in building the audience first, and the monetization comes after," he says.

The audience growth Facebook offers is clear. Creators have already noticed that Facebook's algorithm—the secret formula determining which content shows up in a person's News Feed—seems to heavily favor video. For creators with more than a million Facebook fans, photo posts reach 14% of their audience on average, and text-only updates reach just 4%, according to one manager of content creators. But video posts? They reach 35%. In March, Facebook launched a tool that lets videomakers expand their audience even further: an embeddable player that allows Facebook videos to be published elsewhere on the web, just as YouTube's player does.

If YouTube stars expand to Facebook or Vine or Vessel, it doesn't mean they'll abandon YouTube. It's not either-or, but everywhere-all-the-time. Suzie Reider, head of advertising sales at YouTube, dismisses the idea of these platforms being a true competitive threat. "Users know [and] the creators know that YouTube's heart and soul has been video from the beginning and will be video until the end," she says.

THE YOUTUBE PITCH party was one of 33 NewFront events in April, thrown by everyone from Hulu and Yahoo to the *New York Times* and Condé Nast. Facebook, conspicuously, did not throw one. Instead, one week prior to the NewFront noise, the company invited a few hundred executives from ad agencies and *Fortune* 500 brands to the cafeteria of its New York City office on Astor Place. There, Facebook executives Adam Berger and Keenan Pridmore unveiled Anthology, the company's program to bring in more video ads.

Facebook doesn't make content, but with Anthology, it acts as matchmaker between brands and companies that do—video creators like Vice Media, Tastemade, and the Onion. Let's say you're CEO of a sriracha popcorn business and you want to run video ads on Facebook. But because your company's core business is making popcorn, you don't have any videos to publish. With Anthology, you can pay to have someone like Vice make one for you. The cost starts at $2 million for a customized campaign and distribution, according to people in attendance at the Astor Place event.

Even though it was explicitly pitched to them, ad agencies—the ones who normally connect brands and "creatives"—worry that Anthology will give Facebook one more way to work around them. They've been getting used to that feeling. Facebook already likes to pitch directly to brands, dazzling them into spending more money on Facebook


TWO WAYS
TO CONQUER THE WORLD.
7X
8X

than their agencies might recommend. "Facebook is a bit of a frenemy to agencies," says Tony Effik, vice president of media and connections for ad agency R/GA. But it's a necessary frenemy; Effik praises Facebook's ability to target very specific demographics with video ad campaigns. One agency executive grumbles about Facebook's aggressiveness, while admitting, with a sigh, that its execution has been flawless. "I own Facebook stock," he says. Everson, the Facebook marketing VP, says there's no intention of eliminating the middlemen, telling *Fortune*, "We cannot do our jobs without our agency partners."

Facebook is proceeding with caution in deploying its new generation of ads. Video autoplay was a magical surprising win, but advertisements are almost never a magical surprising win. Web audiences, particularly millennials and teens, are allergic to being sold to. As Shane Smith, CEO of Vice Media, likes to say, they have "the most sophisticated bullshit detectors in history." Quality of content, not quantity of spending, is the key to reaching this audience, adds Steve Ellis, CEO of WhoSay, a platform that connects celebrities with brands. That's why Facebook is asking media companies to make the ads—the better to bypass those detectors.

A slow start to the ad strategy hasn't stopped analysts from obsessing over it. According to eMarketer, Facebook already owns a quarter of the mobile-ad market. Video is the next logical extension. On the company's quarterly earnings call in April, no other topic drew more questions from analysts. "Mobile-video advertising is *the* Facebook story for 2015 to drive growth," says Richard Greenfield, a media and tech analyst at BTIG.

There's no question that the opportunity is massive. The average American now spends more time using a mobile device than watching television. Forrester expects digital advertising, a $57 billion business in 2014, to overtake TV's $85 billion next year. Omnicom Media Group, an ad agency holding company that oversees $55 billion in global ad spending, has advised some clients to move between 10% and 25% of their TV budgets to online video. Food giant Mondelez International and insurer Allstate (neither of them Omnicom clients) are among the big advertisers that have announced such moves.

Facebook doesn't have this field to itself, of course. The very full bucket of TV ad dollars is too great a prize for any web platform to pass up. Messaging app Snapchat, a Facebook rival, is ramping up sales of video ads for its new Discover platform. Same goes for Twitter, which owns two hot video properties, Vine and Periscope. Spotify recently added video-streaming capabilities to its music-streaming app, partnering with just about every big name in digital-video content. Hulu, Yahoo, and Verizon-backed AOL are doubling down on their video strategies. By this time next year, any one of them might have conjured up a 4-billion-view-a-day video product themselves.

Facebook has one huge advantage: data. No other media outlet knows the full name, hometown, marital status, exercise habits, political opinions, and favorite movies, musicians, cars, retailers, restaurants, airlines, and electronics brands of hundreds of millions of people. This enables the site to deliver the targeted audiences brands crave. Lexus, for example, created 1,000 versions of the same video ad to target 1,000 different types of customers on Facebook—so a "male Lexus enthusiast who appreciates technology" saw a different spot than "a female, who lives in Chicago, and enjoys travel." Advertisers "are realizing that video doesn't need to be this, like, super-blast thing. You can have all of the reach you care about in a targeted way," says Fidji Simo, Facebook's director of media products.

But Facebook's biggest advantage over YouTube and other video providers may turn out to be boredom. "Video is watched when people are bored," says Benjamin Ling, a venture capitalist who has worked at Google, YouTube, and Facebook. "Facebook is particularly good at curing boredom." Where YouTube, owned by a search giant, makes it easy for people to find videos they're looking for, Facebook can show people stuff they didn't even know they wanted to see. And with almost a billion people logging on every day, the audience is there now. "We are already a destination for everything," says Simo, "and video is a part of that."

Facebook's Fidji Simo: Video ads can have "all the reach you care about in a targeted way."

COURTESY OF FACEBOOK

FEEDBACK: ERIN.GRIFFITH@FORTUNE.COM

THE CLOUD CORP.

An increasing number of companies are storing software and data on virtual servers. With more cloud options than ever, this sector is only going to grow.

In the late 1990s, the term "cloud computing" was used to describe sites like Hotmail and Yahoo that stored e-mail messages on their own servers rather than on your computer's hard drive. Over the last 15 years, though, the cloud has evolved dramatically. Now people can virtually store everything, from photos and documents to movies and music, while companies can use complex software to manage their businesses and generate data without building and housing their own servers.

As much as the sector has matured, though, it's still in its early stages and is one of the technology industry's fastest-growing segments. Forrester Research, for instance, estimates that global software as a service (SaaS) revenues will hit $106 billion next year, up 21% from 2015 levels, while market research firm IDC says that spending on public cloud services will double to $127.5 billion by 2018.

Historically, smaller companies have driven growth in this space. Cloud-based programs, many of which are as robust as the expensive enterprise software used by big businesses, have helped entrepreneurs compete with larger corporations. Now, however, companies of all sizes are using the cloud. According to Computerworld, 42% of IT decision-makers plan to increase spending on the cloud in 2015, with the majority of that growth coming from firms that have at least 1,000 employees. "There was once a great deal of resistance to moving to the cloud," says Ken Birman, a computer science professor at Cornell University. "But it's now a hugely successful market."

There are a number of reasons why larger operations had initially been hesitant to make a move. Security concerns top the list. Companies often had existing software that served their needs. Another big inhibitor to investing in cloud computing was "vendor lock-in," says Birman: Typically, a business would buy cloud storage space from a third-party company and they'd be committed to using that service, and corporations were worried about locking in to one company. "Businesses would wonder, What if that company stumbles or changes its pricing model—how can I get out of that?" says Birman.

All-in-One Package

This issue has given rise to "value-added intermediaries," or businesses such as telecom companies that offer customers numerous services, including software, data storage space, and broadband connections. These companies can easily switch a user from one application to another, and they allow businesses to access all of their cloud computing needs in one place.

Intermediaries who want to sell such all-in-one packages tend to work with a platform provider that integrates multiple services and deploys cloud solutions. Renon, Wash.–based technology company Odin is one such platform company.

The Odin Service Automation platform, which the company sells to telecoms and other large online service providers, allows SMBs to access multiple cloud-based applications, move applications into the cloud, utilize public and/or private clouds, expand or contract storage space, and more. Providers can offer and bundle services and products from over 600 sources including services they host themselves as well as syndicated services like Microsoft Office 365.

By allowing its clients to give customers an all-in-one cloud solution, Odin helps businesses spend less time on IT-related tasks. "When a business hires someone, they can now easily add an additional mail user," says Birger Steen, Odin's CEO. "They can also add more capacity to their broadband connection and acquire more services from their service provider. We enable service providers to offer that to their clients."

"There was once a great deal of resistance to moving to the cloud, but it's now a hugely successful market."

—Ken Birman, Cornell University

Rise of the Hybrid Cloud

Another trend that Birman and other industry watchers are seeing is the evolution of the hybrid cloud, where companies make use of both public and private clouds. A private cloud is a virtual server that can only be accessed by one company. Typically, the company builds and manages it itself on its own premises. A public cloud is owned and operated by a third party, and multiple companies use that provider's storage space and software.

Previously, companies would often use just one or the other, or a business would start with a private cloud and then move into a public cloud, which is a less expensive way to access storage space. As the sector has evolved, though, a number of businesses are finding uses for both types of cloud. "Cloud is really a hybrid world that gives IT the ability to move applications to a cloud that makes sense—either in its own data center or the public cloud," says Bobby Patrick, Hewlett-Packard's chief marketing officer of HP Cloud.

There are good reasons to use both. A business may have confidential documents that it wants to host on its own server versus one owned by another company, but it could also have less sensitive information that's fine to store on a third-party platform. Companies often develop their own software in a private cloud, and then move it to the public cloud to sell. Finally, they may build an application on a public cloud, to move to a private cloud for security later.

It can be a lot of work for a company to manage private and public clouds on their own. For this reason, Hewlett-Packard created HP Helion OpenStack, enabling organizations to become internal service providers, and allowing clients to more easily build, manage, and use a hybrid cloud. The company built its platform on OpenStack, a community of thousands with significant contributions from companies like HP and the leading open-source cloud-computing project software, which comes with all of the building blocks and components needed to build out an elegant cloud platform. Because it's built on open source, the platform is constantly being refined and improved.

With HP's product, setting up a private cloud and moving nimbly between the private and public spaces is simpler. "With HP Helion, businesses can more easily deploy a private cloud," says Patrick. "They can use it to monitor and control

multiple clouds, and they can operate a cloud that is designed for always-on availability."

Private Pay-as-You-Go

While private clouds are generally cheaper to operate than the traditional company server, it can still be expensive to build one. However, that truism is also changing. Dimension Data, an ICT solutions and service provider with offices around the world, offers customers in-demand private cloud solutions hosted on the company's servers. Unlike the public cloud, where 100 companies could share server space, a business can have its own dedicated servers, even though they're housed in Dimension Data's facilities.

This model allows Dimension Data to provide a cheaper pay-as-you-go price—the usual payment method for public cloud offerings. "We're taking one of the most popular features of the public cloud, which is pay-as-you-go, and applying it to the private cloud model," says Pam Casale, a senior vice president at Dimension Data.

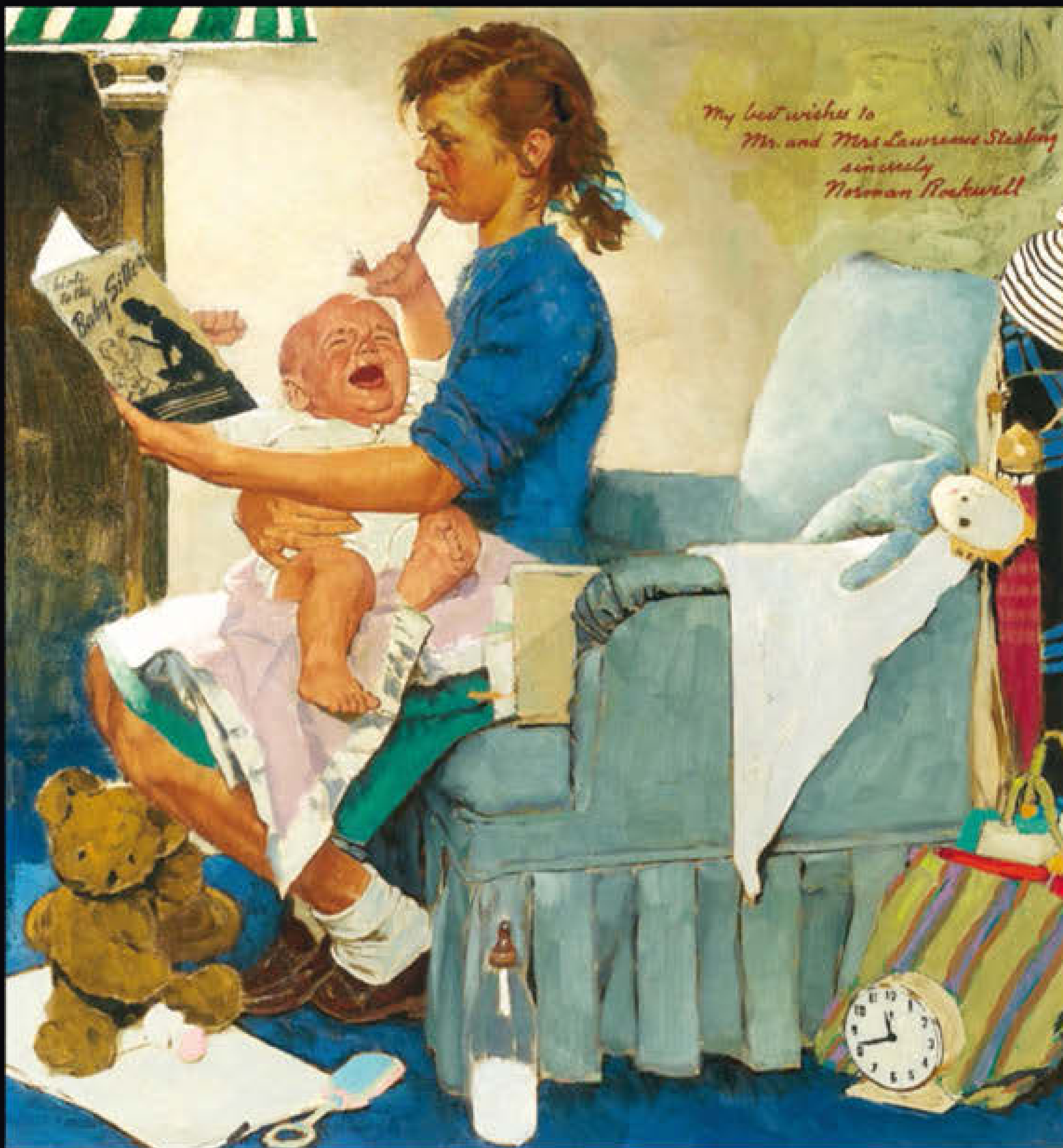
Spending on public cloud services will double to $127.5 billion by 2018.

—International Data Corporation (IDC)

The company also offers public cloud space and hybrid options, and it has tools to help users manage both environments. "Hybrid cloud is giving way to a host of new features and functions," she says. "For instance, our Dimension Data CloudControl system gives the enterprise's IT department the ability to manage their business across multiple platforms."

As much as cloud computing has grown up, there's still plenty of evolution ahead, says Birman. Eventually, the vast majority of corporations will be in the cloud, third-party offerings will become more secure, and more computing power in general will move off expensive internal servers and onto virtual storage space. "Cloud is a far more useful computing model, and it's being done with far less power being wasted," says Birman. "This benefits everyone."

Norman
ROCKWELL



The Babysitter showcases Rockwell's renowned humor and style through the entertaining narrative of a babysitter struggling with her young charge. Study for the November 8, 1947 issue of the Saturday Evening Post. Circa 1947. Oil on canvas. Signed and inscribed. Canvas: 28"h x 25"w; Frame: 34"h x 31½"w. #30-3223

Idealistic and innocent, Norman Rockwell's iconic masterpieces capture the essence of the American spirit. These outstanding, original oil paintings, entitled *The Babysitter* and *Excuse Me*, evoke a longing for a time and place that existed in Rockwell's rich imagination and in the hearts and aspirations of the entire nation.

In **Excuse Me**, a stylish young woman snubs a wealthy gentleman in favor of her World War I serviceman suitor in this patriotic tribute to American troops. Featured on the cover of the July 1917 issue of Judge magazine. Circa 1917. Oil on canvas. Signed. Canvas: 28"h x 25"w; Frame: 34"h x 31½"w. #30-2964

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BY ADAM LASHINSKY

The Rede of Mark H

2014 COMPANY PROFILE

REVENUES	PROFITS	EMPLOYEES	TOTAL RETURN TO SHAREHOLDERS (2004-2014 ANNUAL RATE)
$38.3 BILLION	$11.0 BILLION	122,000	13.2%

RANK

MARK HURD HAD a problem. It was 2012, some two years after he had executed one of the most dramatic escape acts in corporate history. Just weeks after giving up his powerful perch as CEO of computer maker Hewlett-Packard in the summer of 2010, Hurd landed nearly at the top of software giant Oracle, with a critical assist from its co-founder and chief executive, Larry Ellison. One moment Hurd was fending off mortifying allegations of sexual harassment and expense-account violations; the next he was safely ensconced in a job that would pay some $40 million in his first year alone, working for a man who didn't give a fig what envelopes Hurd might have pushed—so long as he made his numbers.

Now, though, Hurd faced a very modern conundrum: In the Internet Age, it's nearly impossible to escape your past. For evidence, he had only to look at the results of a Google search of his name. High on the list was the

PHOTOGRAPH BY LAURA MORTON—GETTY IMAGES

mption
urd

Less than five years after his humiliating fall, ORACLE's joint CEO is on top again. He made his way back with trademark intensity, help from a friend—and an uncharacteristic touch of diplomacy. The tale of the comeback of a man … who denies he ever fell in the first place.

website fuckyoumarkhurd.com, his reward for having methodically slashed costs at the famously hidebound HP during his five years at its helm. The site contained all manner of negative stories about him. Worse, search results persistently yielded photos of Hurd with Jodie Fisher, the reality-TV actress who'd helped him manage HP customer events around the world. Back in 2010, Fisher had hired the press-release-wielding lawyer Gloria Allred to allege that Hurd had harassed her, which set in motion the events that culminated in his departure from HP.

Anyone would be upset. Hurd, with a finely tuned sense of self-image, was livid. "All he could talk about was how he was seething about what happened at HP," says an executive who preceded Hurd at Oracle and has since left.

To solve the problem, Hurd turned to a former investigative journalist named Glenn Bunting, who had repositioned his career as a media adviser for businesspeople with problems they wished would disappear. Bunting, who had held senior positions at the *Los Angeles Times,* had learned the black arts of crisis communications working for one of the field's top practitioners, Mike Sitrick. It was through Sitrick that Hurd met Bunting, who shepherded the former CEO through the trying circumstances of his fall from grace.

Hurd's instruction was simple: Fix my Google results. So on Oracle's dime, Bunting embarked on a campaign to gin up new content about Hurd that would displace the seamy and steamy material that turned up in an Internet search. A combination of Bunting's efforts and the passage of time did the trick, and chatter about the circumstances of Hurd's exit from HP finally receded.

As that pall has lifted, a much sunnier picture is emerging: Hurd has thrived at Oracle, where he happily accepted the downward move of becoming co-president alongside Ellison's longtime financial and operational consigliere, Safra Catz. Ellison rewarded both last September by naming Hurd and Catz joint CEOs of Oracle, bumping himself to executive chairman.

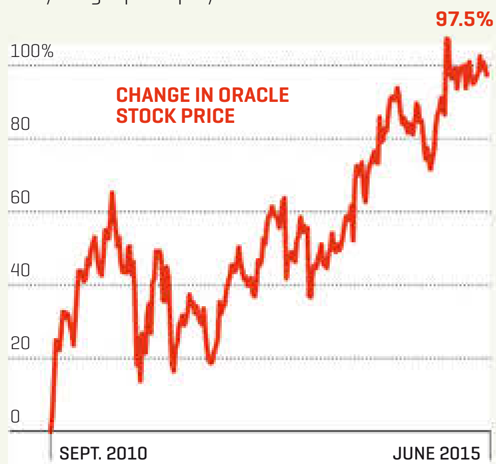
Suddenly Hurd is on top again. "A lot of people were skeptical of his ability to go from the limelight to the shadow," says Tom Hogan, CEO of a mobile software company called Kony, who worked under Hurd at HP. "Now he's emerging from the shadow with the co-CEO title. And it's because he truly loves working for Larry."

The story of how Mark Hurd returned from tabloid fodder to *Fortune* 500 leader is an epic corporate comeback. It's a good yarn, and one that Hurd, who has significantly increased his profile of late, appeared eager to tell. Bunting, who continues to serve as Hurd's personal publicist, approached *Fortune*, proposing an article about his comeback. Then, concerned there would be too much focus on the past, Hurd decided not to participate after all.

It's a saga worth recounting nonetheless. And as Hurd knows full well, it's not over by a long shot. He's rising at a pivotal time for the 38-year-old company. Oracle is busily playing catch-up on an industry transition toward subscription-based, or "cloud," computing that it badly missed. Moreover, Hurd has now positioned himself as the possible sole CEO of the future. Of course, potential heirs to the Oracle throne have traditionally lasted about as long as Ellison's marriages (there have been four of the latter at last count). There's also another contender or two for the top job. All of which is to say, Mark Hurd won't be able to ease up anytime soon.

Marching Upward

Oracle's shares have continued their overall progress since Hurd joined the company in September 2010, easily beating the stock performance of most legacy tech companies, but trailing some of the younger pure-play rivals.



GRAPHIC SOURCE: S&P CAPITAL IQ

HURD IS BLUNT and not shy about taking issue with almost anything. In a written statement, he dismissed the thesis of this article: "Redemption? While I appreciate the sentiment, I don't think what I'm doing at Oracle has anything to do with redemption. I am thrilled to be at Oracle working with our team." The statement doesn't quite capture Hurd's typical tone. He has vehemently denied any misbehavior at HP; to say he is unrepentant would be an understatement. (Hurd added, about his old company, "I don't have much time to reflect on the past. I do have great memories of my time at HP, the fantastic results we achieved, and the people who made those results happen.")

Hurd with Safra Catz (left) and Larry Ellison (holding wineglass) at an Oracle event in September 2010, soon after Hurd joined the company.

TONY AVELAR—BLOOMBERG VIA GETTY IMAGES

HP didn't view Hurd so rosily when he resigned. (Contrary to public perception, he was not fired.) The company concluded his behavior had been inappropriate—but cleared him of violating its harassment policy. Still, he suffered an irreparable rift with key board members, who felt he hadn't been straightforward with them.

It would be more than a year before details of an accusatory letter Allred wrote to Hurd became public. It contained a narrative of his alleged sexual advances to Fisher, including the claim that he once walked her to an ATM to show her the size of his account balance. Following a settlement of undisclosed terms, Fisher stated that Allred's letter contained inaccuracies. But she never explained which parts were wrong.

Precisely one month after the scandal broke, Ellison delivered a masterstroke. Comparing what he called the stupidity of HP's board to Apple's long-ago decision to fire his friend Steve Jobs, Ellison hired Hurd as president of Oracle, responsible for sales and marketing.

Before sealing the deal, however, Hurd had to pass muster with Catz, a steely and powerful presence at Oracle who is fiercely protective of Ellison—and her relationship with him. "Safra spent six hours with Hurd before Oracle went public with the news that he was joining the company," says someone with contacts at Oracle's highest echelons. "She told him he wouldn't live long enough to regret getting between Larry and herself or attempting to unseat Larry."

Oracle employees took the soap opera surrounding Hurd in stride. After all, Larry Ellison has often been linked to younger women, some of whom became his wives. And not long before Hurd's arrival, the company witnessed the spectacle of the former girlfriend of his predecessor, Charles Phillips, plastering photos of the star-crossed couple on billboards in New York and other cities. "We got used to scandal and bad behavior," says an Oracle veteran.

Hurd has not only flourished at Oracle but succeeded in getting along with Catz as well as Ellison. "Mark has been deft at contributing without competing with or criticizing Larry or Safra," says the same well-informed source. Hurd's main job is to help his massive sales force close deals with the world's biggest companies. Says this source: "He's great at his role, which is bagging elephants."

CLOCKWISE FROM TOP LEFT: Oracle co-CEO Catz and president Thomas Kurian at the company's recent media day; Ellison and Hurd watching tennis at Indian Wells, Calif., in 2011

HURD AND ORACLE, it turns out, are ideally suited for each other. The 58-year-old spent more than two decades at tech equipment maker NCR, rising through the sales-and-marketing ranks to become CEO before being recruited in 2005 to replace the recently fired CEO of HP, Carly Fiorina. Along the way he developed a reputation for directness, by-the-numbers analysis, and a zest for closing deals with customers and currying favor with investors. If Hurd didn't always care for the niceties of making employees feel good, he always got results.

In Oracle he found a rough-and-tumble environment known for its bruising sales and engineering cultures. A former Oracle executive describes the company's people as driven yet pompous and territorial. Oracle has a reputation throughout the enterprise technology world for pushing around even its best customers, especially after they have installed technology that would be prohibitively expensive to remove.

Oracle execs are known for their bombastic dismissal of competitors. Catz, who in addition to sharing the CEO title with Hurd is Oracle's principal financial officer, once told a group of incredulous investors her company was going to kill upstart Workday, which sells subscription software for managing human resources departments, "before they get out of the crib." (Now a decade old, Workday sports a decidedly grown-up $15 billion public market valuation and is a key competitor. Oracle declined to comment on Catz's statement.)

Employees are quickly made to feel their place at Oracle. "I was there 20 years," says another ex-executive. "The quality of people is very high. But you will never find Oracle on a list of the 50 best places to work. There are very few people in the spotlight, and the attitude is that everyone is replaceable." For those who come in through acquisitions, the experience can be jarring. Before a deal closes, Oracle requires the to-be-acquired company to seek approval on any expenditure above $10,000. The company's well-oiled M&A machine, which reports to Catz, has a template for a 100-day integration plan that explains to acquired employees exactly why Oracle is buying their company and whether they'll still have a job.

When Hurd arrived at Oracle there was considerable fear, given his reputation for cost cutting. He was reviled at HP for slashing its multibillion-dollar research budget, but he wasn't wrong: HP's vaunted labs hadn't produced much innovation in years. Hurd streamlined a bloated company—and Wall Street loved him for it.

Oracle, by contrast, was neither

KURIAN AND CATZ: LAURA MORTON—GETTY IMAGES; ELLISON AND HURD: PAUL BUCK—EPA/CORBIS

bloated nor broken. Catz had tightly maintained profit margins and made sure that acquisitions fit into the company's financial plan. Oracle's bigger problem was repositioning its product line toward subscription-based software as well as retraining its sales force to sell it. One of Hurd's key initiatives has been to hire thousands of college students to conduct tele-sales for Oracle. The churn on the young recruits is as high as 50%, but the program achieved two objectives. It lowered Oracle's selling costs for part of its sales effort and quickly freshened up the roster of salespeople. Meanwhile Hurd has reorganized the company's sales force by product, buyer, and competitor, and doubled its size. Though that change hasn't fully paid off yet, revenues are steadily climbing, and analysts are optimistic.

Hurd slotted in peacefully with the small handful of peers at the apex of the corporation, but he retained his sharp-elbowed ways elsewhere. He quickly clashed with Oracle's head of North American sales, Keith Block, whose derogatory instant messages about his new boss showed up in court documents as part of an Oracle legal dispute with HP that wasn't related directly to Hurd's departure. Block griped that Hurd avoided international travel, contending he should "be a fucking global president." Block also suggested there "wasn't enough room for us both" at Oracle. He was right about that part. Block left in 2012, shortly after the messages were disclosed. He has since become president of competitor Salesforce.com, where he has recruited heavily from Oracle.

Hurd is notoriously competitive, about sports as well as business. In 2013 he showed up dripping with sweat for a sales meeting at Ellison's private golf course complex near Palm Springs, Calif. He explained to a group of customers and Oracle executives that he had been working out with a tennis pro in preparation for an upcoming match. "It's not that he doesn't have good instincts," says one sales executive now at a competing software company. "But he was always so unpleasant. People aligned with his *what*, if not his *how*."

FOR ALL THE attention on the three best-known Oracle executives—Ellison, Hurd, and Catz—the burden of helping Oracle make a critical and tricky technological transition rests on its younger, lower-profile president, Thomas Kurian. Oracle people refer to Kurian, who is 48 and has worked at Oracle for nearly 20 years, in reverential tones. He is the proverbial smartest person in the room and a demanding and workaholic manager who schedules meetings in increments of as little as 10 minutes. Promoted to president shortly after Hurd and Catz were named CEOs, Kurian is also widely regarded as Ellison's most valued technical adviser. He is, says one top Oracle leader, "a pulsing giant brain that is most like Larry."

Kurian's mission today is to shepherd Oracle's shift from making traditional business software its customers own and keep installed on their own servers to pay-as-you-go subscriptions for software delivered over the Internet and stored in the cloud.

By its own admission, Oracle got a late start on cloud computing. In a way, Ellison was ahead of the curve in the late 1990s with a mistimed product he called the "network computer." But the Internet wasn't far enough along for Ellison's idea, so he shelved it even as he helped the next generation of companies focus on the trend. "Larry knew the cloud was coming," says Andre Boisvert, a former top Oracle executive who went on to be president of software maker SAS Institute. "But he'd been burned by the network computer. He thought the market would wait for him. But it didn't. Then he said, 'Forget what I told you yesterday.' He lost a bit of credibility."

Kurian, who speaks just louder than a whisper and refers to the Oracle executive chairman as "Mr. Ellison," began reengineering all of Oracle's products nearly a decade ago. But given that cloud software was still in its infancy, he moved cautiously. "Back in 2006, 2007, when we started the engineering effort," Kurian says, "nobody thought that cloud was going to be so fundamentally important." Actually, someone did: Competitors from Workday to Amazon Web Services were far more successful winning subscription business, especially among cost-conscious smaller companies.

Oracle didn't debut its first cloud offerings until 2012, but it has since come on strong. "Now, on average on a daily basis, 62 million people log in and use our cloud for various things," says Kurian. Although subscription-based software accounts for only about 5% of Oracle's $38 billion annualized revenue, it dominates Oracle's public commentary and is an all-hands-on-deck effort internally. Kurian oversees three-times-a-week engineering meetings that run from 2:30 to 7:00 p.m. He says Ellison attends every meeting when he is in town, which is most of the time.

Oracle's cloud pitch is a classic package deal: Buy everything from us rather than cobbling together programs from disparate vendors. It's the same approach the company successfully used in an earlier era in which it consolidated the database-software industry through acquisitions. Its efforts seem to be paying off. "Oracle has the biggest number of features in the cloud world,"

says Vinnie Mirchandani, an independent software analyst who has written extensively about Oracle competitor SAP. "Not all of them sell well, and some aren't the best, but they are the broadest. No question."

ON THE LAST day of April, Oracle hosted a handful of journalists in its offices for what it billed as its first-ever media day. The event signaled a new openness by Oracle, a company whose founder's yachting, girlfriends, and real-estate-buying exploits receive more attention than its products. The event featured presentations by Oracle's top three executives but not Ellison, giving a real-time view of the top contenders for his job. (Other than relinquishing his title, Ellison has said nothing about retiring.) Catz, who is 53 years old and almost never talks to the press, stated she won't stick around at Oracle when the 70-year-old Ellison leaves. When "Larry drives off in one of his fancy cars," she said, "I'll be in the passenger seat."

Informed sources confirm that Catz has no designs on running Oracle alone. Indeed, it was Hurd's idea that she be elevated alongside him, a recognition of her critical role. As well, those in the know say Kurian harbors a thinly veiled ambition to be Oracle's boss. A well-placed source says Kurian has been assured he will get the position when Hurd and Catz's time is over.

For now, though, the job is Hurd's to lose—assuming Ellison ever decides to bequeath it. After keeping a relatively low profile for his first several years, Hurd has raised his head of late. He appears on CNBC to talk up Oracle's prospects—the company's stock price has doubled during his tenure—and he gives frequent interviews to the press and makes prominent industry speeches.

Hurd's public comments tend to focus on Oracle's complexity, with fulsome references to Ellison's leadership and vision. In February, at an event in San Francisco hosted by industry pundit Mark Anderson, Hurd name-checked Steve Jobs, whom he knew when he was at HP. "Steve told me one time, 'I don't want to do your job. I don't want to have to fly and go see customers. You actually go see customers and you talk to them, and they say mean things to you. It just doesn't sound like fun to me. In my job, customers come to see me.'" The message: Enterprise technology is a tough business. In April, Hurd addressed a forum at Boston College's business school on the subject of "Survive or Thrive? How Will You Modernize Your Business?"

Hurd clearly prefers some publicity opportunities to others. In early May, after previously canceling an interview for this article, Hurd agreed, via Bunting, to speak. As the date approached, however, Hurd begged off again, this time citing what he said were instructions from

Oracle's general counsel. The so-called quiet period leading up to Oracle's release of financial results prohibited an interview, Bunting said. The prohibition apparently didn't apply to Kurian, the company's president, because he was interviewed by *Fortune* during the same quiet period with the company's blessing (with the caveat that because of the quiet period, Kurian wasn't permitted to discuss financial matters). Hurd, through Bunting, then offered up a third plan for an interview—after the quiet period and after *Fortune*'s publication deadline.

As this article went to press, Hurd was slated to give a "fireside chat" with a *Harvard Business Review* editor at a technology event called the Nantucket Conference. The event, attended by the news media, was scheduled to take place less than two weeks before Oracle reports its 2015 fiscal year results.

No matter how high his profile is, one obstacle Hurd faces to becoming the sole boss at Oracle is that the company has always been run by a technologist, which he is not. "Mark is a great operator," says Boisvert, the former Oracle executive who has known Hurd since his NCR days. "He has an uncanny ability to look at reams and reams of numbers and understand what's going on. But he's not necessarily a technology visionary. You give him a product, and he knows how to position it and go sell it. He's not someone who wakes up and thinks about how to disrupt an industry."

The subject of succeeding Larry Ellison has been fraught for years. One person familiar with the company's succession planning describes past pretenders to the throne as having entered the "Bermuda Triangle" of Oracle's executive suite. What has tended to be the undoing of previous executives has been allowing their star to publicly outshine Ellison's. Observes someone who has been in the Oracle orbit for years: "Larry is amused until he is annoyed."

For now, however, Hurd is on top. Ellison is said to be thrilled with his leadership, and those in the know say Hurd's promotion to co-CEO was intended to fend off suitors who try to entice him with chief executive jobs elsewhere. By one measure, Hurd has one of the smallest portfolios of any major-company CEO. Despite having 95,000 employees reporting to him, he has responsibility neither for finance, legal, or human resources (Catz's domain) nor engineering (Kurian's). And he serves at the pleasure of one of the industry's founding figures, and a mercurial one at that. Hurd has been redeemed, all right. Staying at Oracle will be his continuing challenge. ■

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2014 COMPANY PROFILE

REVENUES	$8.7 BILLION
PROFITS	-$2.8 BILLION
EMPLOYEES	68,000
TOTAL RETURN TO SHAREHOLDERS (SINCE IPO, ANNUAL RATE*)	0.7%

*FEB. 8, 2012, TO DEC. 31, 2014.

RANK

Private equity giants Apollo and TPG have blown billions on their ill-fated buyout of CAESARS ENTERTAINMENT. Now with the casino company in bankruptcy, they're facing a nasty legal showdown with their hedge fund creditors. The tale of an epic gamble gone wrong.

BY WILLIAM D. COHAN

The pool scene at the Caesars Palace hotel and casino in Las Vegas

PHOTOGRAPHS BY MICHAEL LEWIS

THERE HAVE BEEN SO MANY truly extraordinary twists and turns in the saga of Caesars Entertainment over the past eight years that it's hard to pinpoint exactly when the whole thing went off the rails. After all, an $18.4 billion bankruptcy filing at one of the biggest gambling empires in Las Vegas tends to result in a lot of finger-pointing. But for symbolism alone, nothing can beat the evening of Nov. 17, 2012. ¶ That was the night that David Bonderman, the billionaire founder of private equity firm TPG Capital, threw himself a 70th birthday party. It made sense for Bonderman to have it in Vegas. He and his wife had planned a lavish celebration with 1,000 of their closest friends. Actor and comedian Robin Williams would serve as the emcee, with music legends Paul McCartney and John Fogerty rocking out. Bonderman had also agreed to make a $1,000 donation in the name of each guest to the charity of his or her choice, and every attendee would receive an iPod filled with the private equity mogul's favorite tunes. It was the kind of event for which top-tier casinos are made. ¶ And Bonderman just happened to be part owner of one. In 2008, TPG had joined with Apollo Global Management, the buyout firm led by former Drexel Burnham Lambert banker Leon Black, to take Caesars private. Four years later, Caesars was straining under its heavy debt load, and the two private equity shops stood to lose the bulk of their $6 billion equity investment. By having his gala at Caesars Palace, the company's crown jewel, Bonderman could have made a high-profile show of support.

Instead, Bonderman took his celebration to the Wynn Resort, Caesars' biggest Vegas rival.

Everything went off without a hitch—food, liquor, accommodations, entertainment, and limousines. "It was a beautiful evening," says someone who was there. "Probably spent $7 million to $8 million on this party."

None of that money went to Caesars, which certainly could have used the revenue. Instead, Gary Loveman, the Caesars CEO, and his management team were left to stew. Their company was then being whipsawed by a fatal confluence of too much debt, an unanticipated overcapacity in the gaming industry, and the aftershock of the 2008 recession, which had forced gamblers to reduce both their casino visits and their wagering. The Caesars execs were stunned by Bonderman's public snub. "That was a tough pill," says one today. "It was so demotivating to the people that work here that our principal owner is going to have this big event somewhere else." (Bonderman declined requests to be interviewed for this story.)

Today the dysfunctional situation at Caesars has turned into a full-fledged debacle—and has sparked a high-stakes battle between some of Wall Street's most formidable power players. On one side of the fight are Apollo and TPG, two of the savviest and most successful buyout firms in history. On the other side is a group of equally forceful and highly motivated hedge funds, including the $23 billion Canyon Partners; Oaktree Capital Management, the $100 billion empire co-founded by Howard Marks; Elliott Management, the much-feared $25 billion fund firm led by Paul Singer; and Appaloosa Capital, a $20 billion fund run by David Tepper, who secured his place in hedgie lore when he reportedly pocketed more than $3 billion in 2013.

Caught in the middle is Caesars Entertainment, No. 328 on this year's *Fortune* 500. Once the fast-growing star of the gaming industry, Caesars is now a mess—a holding company standing on top of a shifting mix of casino and real estate assets that together lost about $2.8 billion last year, a slight improvement from the year before. Likewise, CEO Loveman, a former Harvard professor who orchestrated the rapid rise of Caesars—formerly Harrah's, until Loveman greatly expanded and eventually changed the company's name—has seen his once-pristine reputation tarnished by the decline of the core business and charges by Caesars' creditors of irresponsible financial management.

A onetime Harvard Business School professor, Caesars CEO Gary Loveman used an innovative customer-loyalty plan to boost growth before the buyout.

The dispute between the buyout firms and hedge funds escalated on Jan. 15, with the aforementioned $18.4 billion bankruptcy filing of Caesars Entertainment Operating Corp., or CEOC, a disparate group of Caesars gambling businesses organized as a subsidiary of Caesars. (Yes, it's a complex corporate structure.) At issue in the CEOC bankruptcy case is not only who will own the company when it emerges from Chapter 11, but also the fundamental question of whether Apollo and TPG were too creative and aggressive in their efforts to keep Caesars afloat and to salvage their investment, in the process harming creditors, many of which were opportunistic hedge funds that bought up the struggling company's debt at a discount and expect to cash in.

The stakes are high, and the egos are higher. "It's all really, really smart guys who like to win, and a lot of dollars behind them," says Jude Gorman, the general counsel at Reorg Research, a New York City firm that closely follows bankruptcies such as CEOC's. Professional fees in the bankruptcy case are likely to end up being in the high hundreds of millions of dollars, boosting a lot of bonus pools for years to come.

There's another reason, too, that Caesars will be one of the most closely watched financial fights in years: schadenfreude. Everyone in the tight-knit community of Wall Street bankers and lawyers wants to see whether mighty Apollo and TPG will finally get a dose of comeuppance. "They were too smart by half, and they just pushed the edge of the envelope too much, and they're getting called on it," says one longtime restructuring banker, who believes that a judge will ultimately rule against the buyout firms for, if nothing else, the sheer amount of financial engineering they employed.

Of course, the banker points out, there is another way to look at the situation. "The other side of this is they have fiduciary responsibilities to their investors, and they're going to do everything they can to preserve value legally and ethically," he says. "It's a very legitimate argument."

Those contrasting views may end up being adjudicated in courtrooms from New York to Wilmington to Chicago. "So the question is," says the banker, "How far is too far?"

BEFORE THERE WAS a Caesars Entertainment, there was a hotshot academic who was eager to test out a thesis. Loveman was a professor at Harvard Business School in the 1990s when he first conceived of a way to develop deeper customer loyalty in service-oriented companies, such as casinos, that he believed could lead to higher revenues and

Vast Empire

Thanks to the machinations of its private equity investors, CAESARS has a complex corporate structure, with dozens of casino properties in five countries owned by three subsidiaries.

CAESARS ENTERTAINMENT

The publicly traded holding company (which changed its name from Harrah's Entertainment in 2010) has a market value around $1.5 billion.

CAESARS ENTERTAINMENT OPERATING CO. (CEOC)

The company's biggest subsidiary filed for Chapter 11 on Jan. 15, 2015, claiming $18.4 billion in debt. It owns 19 casinos in the U.S. and nine more internationally.

CAESARS ENTERTAINMENT RESORT PROPERTIES

It owns six casino properties, including Harrah's Atlantic City, as well as the Linq hotel complex in Las Vegas, which features a 550-foot observation wheel.

CAESARS GROWTH PARTNERS

This subsidiary was created in 2013 and bought six properties from CEOC for $2 billion. The next year it bought another four casinos from CEOC for $1.8 billion.

profits. A onetime math prodigy from Indianapolis, Loveman, now 55, had graduated from Wesleyan University before getting his Ph.D. in economics from the Massachusetts Institute of Technology. (His 400-page thesis was about unemployment in advanced countries.) While teaching economics at Harvard, he became fascinated by the idea of improving customer loyalty.

In 1994, Loveman co-wrote an article in the *Harvard Business Review*, "Putting the Service-Profit Chain to Work," that focused on how companies such as Southwest Airlines, Taco Bell, and Intuit had figured out that by making employees and customers "paramount," a "radical shift occurs in the way they manage and measure success." Loveman and his co-authors introduced the idea that "lifetime value of a loyal customer can be astronomical." The article led to consulting gigs. Loveman was suddenly much in demand.

One of Loveman's consulting assignments was for Harrah's Entertainment, a Memphis casino company with its headquarters then in an antebellum mansion. At first the conservative gambling executives resisted Loveman's suggestions. But Loveman was convinced that the gambling industry, armed with piles of data that casinos collect on their customers' habits, would be the perfect testing ground for rewarding the most valuable ones with perks—free meals, tickets to shows, room upgrades—in order to cement their loyalty. He wrote an unsolicited letter to Philip Satre, Harrah's CEO, outlining his thinking.

Satre was won over. In 1998 he brought in Loveman as Harrah's chief operating officer with a mandate to implement his customer-loyalty plan. It was meant to be a two-year job—a glorified experiment. The next year Harrah's moved its corporate headquarters to Las Vegas. (It would be several more years before the company's name was changed to Caesars.) Loveman started commuting by private jet between Boston and Las Vegas.

In his new role, Loveman threw himself into developing what became Total Rewards, Harrah's version of a customer-loyalty program. Since Loveman knew that gamblers tended to be attracted to the newest and plushest casinos—and upstart Harrah's couldn't afford that battle—the idea was to reward them with perks, often in real time, based on how profitable the customers were to the casino. "We want to know not only what you're worth," says Loveman, "but what you could be worth, and we want to treat you consistently with that."

The program was a brilliant idea that helped to transform Harrah's into the world's dominant player in the gaming industry. "I wasn't surprised that it worked, but I was surprised at how well it worked," Loveman tells *Fortune*.

In fact, Total Rewards was such a big hit that when Satre retired in 2003, Loveman was the obvious candidate to succeed him as CEO. Under Loveman, Harrah's quickly went from being a second-tier company that operated 26 casinos to an industry leader.

Loveman fueled this rapid growth by going on an acquisition spree and implementing the Total Rewards program across all the new casinos. In 2004, for example, he bought the World Series of Poker and three casinos from Binion's Horseshoe for $1.5 billion; the next year he bought the Imperial Palace, in Las Vegas, for another $370 million. Most significant, ultimately, was his 2005 purchase of the former Caesars Entertainment for $9.3 billion.

This expansion strategy yielded impressive results. The company's revenues and operating income grew to nearly $10.8 billion and $1.7 billion, respectively, in 2007, from $4.1 billion and $780 million, respectively, in 2002. When

Loveman started at Harrah's in 1998, the stock had traded at around $22 a share. By the end of 2005, it was trading above $70.

LOVEMAN BELIEVED THAT the stock could trade higher. And he was bothered by a market discrepancy. Loveman had noticed that casino companies traded at lower multiples of their Ebitda—or earnings before interest, taxes, and other factors, often used as an approximate measure of operating cash flow—than did hotel companies, even though gaming companies often owned many high-end hotels. "It seemed like that had been true since Moses came down with the tablets, and I couldn't figure out why that should be," says Loveman.

So the CEO made a fateful decision. He began talking to David Bonderman about the possibility of splitting Harrah's hotel assets into a separate, publicly traded real estate investment trust, or REIT, as a way to try to capture more value for shareholders, figuring the private equity chief would know what to do.

By 2006 another plan was being hatched. Bonderman suggested to Loveman an alternative to the REIT: a full-fledged leveraged buyout of the company. TPG had recently raised a $15 billion fund, and Bonderman was eager to put the money to work. Loveman encouraged Bonderman to talk to the board of directors. At the time Harrah's was leveraged at just four to one—it had $11 billion in debt—and had the industry's only investment-grade balance sheet. Given the company's growth trajectory, Loveman saw the potential to add leverage, shrink the equity, and get richer. "I thought you could create a lot of value that way," Loveman says.

Loveman then received a call from Marc Rowan, one of the three founding partners of Apollo and a financier who stands out, even on Wall Street, for both his incandescent intellect and his ample self-confidence. Rowan and his team had spent six months poring over Harrah's financials, studying the Total Rewards program and visiting casinos. He wanted to meet Loveman. Over dinner in New York, Rowan presented his own ideas for taking Harrah's private.

No surprise, Rowan had spotted the same valuation anomalies between casino companies and hotel companies and thought Apollo could capture that arbitrage. He was also attracted to Harrah's growing free cash flow—it doubled to more than $1 billion between 2005 and 2006—and the growth model that Loveman had created. "He is very mathematical and had built a better mousetrap," says Rowan. Their dinner lasted nearly two hours. Loveman told Rowan the same thing he had told Bonderman: Talk to the board.

Eventually, with a nudge from Loveman, Apollo and TPG decided to work together and made a series of buyout offers. In December 2006 an independent committee of Harrah's board of directors agreed to sell the company for $90 a share, a 35% premium compared with where Harrah's stock was trading before their initial bid. The deal was valued at $30.7 billion, including the assumption of Harrah's $10.7 billion in debt, making it the fourth-largest buyout ever at the time. By then, Harrah's owned 51 casinos in North America and overseas.

Some directors were wary of adding a huge pile of debt on the company and were not particularly excited about giving up their long-held Harrah's board seats. "But when you got a company that's selling at $66 per share and somebody's going to give you $90 in cash, it's really, really hard to say no," Loveman says.

Loveman's stock and options in Harrah's were worth $95 million on a pretax basis. He could have cashed out and moved on. But he decided there was more to accomplish—and more money to be made—with Bonderman and Rowan at his side. He won't say specifically how much of his $95 million he rolled over into the new deal but says it was less than half. "It was a big number," he concedes. (The exact breakdown of the investors' $6.1 billion buyout equity account has never been made public either, and a spokesman for the company declines to do so.)

TPG and Apollo decided to structure Harrah's as a holding company with two wholly owned subsidiaries. One was the so-called operating company, which was given 45 properties and casinos along with $18.7 billion of bank debt and bonds. The other was a real estate company, with six casinos in Nevada and one in Atlantic City, financed with $6.5 billion of mortgaged-backed securities.

Even though the deal was announced in December 2006, it did not close until more than a year later, in late January 2008. In large part the delay came from the lengthy background checks that the gaming regulators conducted on the private equity partners at Apollo and TPG. "They talk to your friends, they talk to your family, they interview your neighbors," Rowan recalls. "They have the right to come to your home and open your safe." The conventional wisdom at the time, says Rowan, was that no private equity firm could ever endure the lengthy and invasive regulatory-approval process necessary to be licensed. Rowan was anything but daunted, however. The cocksure buyout specialist embraced the deal's complexity and its high regulatory hurdles as a wonderful opportunity.

From left: Hedge fund honchos David Tepper of Appaloosa and Paul Singer of Elliott Management have made money trading Caesars; buyout specialists Marc Rowan of Apollo and David Bonderman of TPG have spent years trying to limit the losses on their investment.

But through their utter self-assuredness, the masters of the universe at Apollo and TPG were sowing the seeds of the deal's demise. They had unwittingly piled on billions in debt at Caesars at the very moment the economy was about to go into free fall—taking the company's cash flow down with it. In seeking to maximize their potential return, they managed to defy a Vegas truism: "The house always wins." In this case, the house was mortgaged to the hilt.

ALTHOUGH IN HINDSIGHT the purchase price of around 10 times Ebitda that Apollo and TPG paid was clearly too high, Rowan at first disputes that they paid too much. "Did we?" he asks. "Why? Why do you say that? Because other people have written that?" It looked great on paper, he explains: Harrah's was the largest landholder on the Las Vegas strip. The partners were getting not only Harrah's existing cash flow but also new properties for which the money had already been spent. "It was an unbelievable time," Rowan says. "Markets were roaring. Las Vegas visitation was great." But ultimately he concedes the obvious: Apollo and TPG overpaid.

By the time the deal was about to close, Loveman remembers that it was "a bit uncertain" as to whether every bank would honor its commitment. But they did. "Almost everything that happened after that was not as good," Rowan says.

For starters, the financial performance for most of 2008 was not quite what had been forecast. "But no one was running around with their hair on fire," Loveman recalls. That would come during the fall, when the most acute phase of the financial crisis hit. Revenues suddenly plunged 20%, and "play levels" of more affluent customers fell sharply. "So a guy who had $20,000 on a hand at blackjack was still there on $10,000 a hand," says Loveman. "But that's half the revenue for me."

Compounding the problem was the failure of both the buyout firms and company management to account for the explosion of new competitors. That was especially true near Atlantic City, where Loveman's company was the dominant player with four separate casinos—Caesars, Bally's, Showboat, and Harrah's—out of 11 in the market. Dozens of gambling venues had opened in Connecticut, Pennsylvania, New York, Delaware, and Maryland, and Atlantic City took a major hit. Whereas in 2007 Caesars made approximately $550 million in Ebitda from its four casinos in Atlantic City, that number these days is closer to $100 million from three casinos. (Loveman closed one of the four in 2014.) "If Atlantic City had only gone down by, say, one-third, we wouldn't be where we are right now," says Loveman.

Both Loveman and Rowan could go on and on—and, in fact, they do—about all the reasons that the business fell off the cliff in the fourth quarter of 2008. But the bottom line is that the numbers had turned against them. What had been $2.8 billion in Ebitda in 2007—with an expectation that it would grow to $4 billion by 2012—became $1.8 billion in 2008 instead. "So now what was seven or eight times leverage is all of a sudden 13, 14 times leverage," Loveman says. "Holy shit."

Adds Rowan: "No one wanted an exit at the beginning of 2008." But by the end of the year that view had changed.

What Apollo and TPG could have done at that point—what many other private equity firms have done—is to fold. They could have conceded defeat, turned the company over to its creditors, and written off their investments. But that, Rowan insists, is not the Apollo way. "We are in the business of owning our decisions, good and bad," he says. "Sometimes getting some of your investors' money back vs. zero is a good thing."

While TPG continued to have meaningful input, Apollo took the lead in the restructuring process. Desperate to lose as little as possible, Rowan and his team went into overdrive. (TPG declined to make any of its partners available for interviews for this story.) The first

TEPPER AND BONDERMAN: ANDREW HARRER—BLOOMBERG VIA GETTY IMAGES; SINGER: JACOB KEPLER—BLOOMBERG VIA GETTY IMAGES; ROWAN: PHIL MCCARTEN—REUTERS

step was to undertake a voluntary exchange offer during the fall of 2008, in which Caesars paid its junior creditors around 88¢ on the dollar for their existing debt and issued them new debt with a longer maturity and a higher interest rate. As a result, by early 2009, Caesars had reduced its debt by $5 billion. It was not nearly enough.

But Rowan was just getting started. What followed the voluntary exchange offer was a series of more than 50 mind-numbingly complex transactions—involving everything from shifting assets repeatedly from one mostly owned subsidiary to another, to the conversion of junior debt owned by hedge fund manager John Paulson into equity at the holding company, to the purchase of an Israeli mobile-gaming company to try to replace some of the revenues lost in the casinos. Newly affiliated companies were created, and assets shifted among them.

Looking back on this period, Loveman still seems a bit shell-shocked as he recounts the blizzard of transactions that Rowan orchestrated. Each one was designed to buy time until business improved. But moving assets around as if in a glorified game of three-card monte wasn't nearly as much fun as growing the Total Rewards program. "None of us imagined this is what we would find ourselves doing," says Loveman.

In November 2010, perhaps hoping to change the subject, the company announced that it was changing its name from Harrah's to Caesars Entertainment.

POSSIBLY THE MOST surprising financial move of all came a couple of years later when Caesars finally pulled off an IPO. It was hardly the jackpot that its private equity investors had envisioned when they initially took the company private. In February 2012, the holding company—which at the time owned the now-bankrupt CEOC and the real estate company—raised $16.3 million in a tiny initial public offering of less than 2% of its shares. The idea was to create a public float for the stock, to show that there was equity value around and to be able to use those shares for future debt-for-equity exchanges, if need be.

On its first trading day, the price soared 71%, valuing the holding company's equity at close to $2 billion. Since then Caesars Entertainment has completed two more primary sales of equity, raising around $200 million. (The stock recently traded just below its $10 IPO price, giving it a market value of around $1.4 billion.)

Despite all the maneuvering, Rowan knew Caesars still needed more "runway" to avoid crashing under its hefty debt load. So in 2013, Caesars embarked on a series of asset sales designed, Rowan says, to try to create as much time and value as possible for shareholders. "I'll never shy away from financial engineering," says Rowan proudly.

To start with, the company changed the name of its real estate subsidiary to Caesars Entertainment Resorts Properties. It then had CEOC—the company now in bankruptcy—sell to its real estate sibling two new, noncasino properties in Las Vegas, including the Linq, a retail, dining, and entertainment development that now has the largest Ferris wheel in the world, for consideration of around $133 million. Also in 2013, Rowan oversaw the creation of a new, separate subsidiary called Caesars Growth Partners. This new entity then bought a total of six properties from CEOC for more than $2 billion in cash.

That left three separate companies, under the holding company, that all contained casinos and other assets that at one time or another had been part of Harrah's. "Although controversial, these transactions sought to extend runway," CEOC would later concede in its bankruptcy filing documents.

None of the assets were put up for sale in a formal arm's-length auction. That's because Caesars' management wanted to keep all the casinos inside the Total Rewards network. But, Rowan argues, the prices paid were fair. Or at least reputable Wall Street investment banks, such as Lazard, Evercore, Perella Weinberg, and Moelis & Co., declared them fair, for a fee.

In November 2013, Caesars Growth Partners completed a rights offering that allowed the existing shareholders of the holding company to buy equity in it. Apollo and TPG each bought $250 million of the equity, and other investors bought $700 million. The heavily negotiated deal raised $1.2 billion for Caesars Growth Partners and gave the new investors a 42% stake in it; the balance of the economic interest—58%—continued in the hands of the holding company. "We try not to throw good money after bad to save our reputation," Rowan says. "We allow the companies to do what they are doing, but if we see an opportunity to make an investment that is a win-win, that is great."

Meanwhile, the situation was getting dire at CEOC. The second half of 2013 was a disaster. Las Vegas was still struggling to recover. Atlantic City was getting decimated. Regional gambling remained weak. When Loveman shared with the board of directors his 2014 budget, the reality set in. The time had come for a new plan. "We had done everything we could to help the company and preserve value," says Rowan. It was time to give up on Band-Aids and pursue a "complete fix."

Apollo and TPG decided to see if they could cut a restructuring deal with Canyon and Oaktree, the biggest holders of CEOC's junior debt, which had declined significantly in value as the company's prospects deteriorated. (It traded as low as 10¢ on the dollar and now trades around 20¢.) Rowan told them, essentially, We got a problem, you got a problem. The company was going to violate covenants and might not make it.

Worse, CEOC's auditors were threatening to give the company a "qualified opinion" that would mark Caesars as unable to continue as "a going concern." Missing a covenant was "a curable" default, Rowan says, but a "qualified opinion" from the auditor was not and would lead quickly to a bankruptcy filing. CEOC had three choices: accept the auditor's "going concern" opinion and file for bankruptcy in the spring of 2014; negotiate an exchange offer with Canyon and Oaktree and others; or raise more equity to pay off the looming debt maturities and satisfy the covenant defaults.

What followed was a four-month negotiation with Canyon and Oaktree, led by Apollo, to reach new terms with the junior creditors. (Both Canyon and Oaktree declined to comment about their debt positions in CEOC or their involvement in any other part of the Caesars corporate family.) Such out-of-court negotiations are typical in busted LBOs but rarely succeed. This time was no different. The proposed exchange offer failed.

Knowing now that CEOC was probably insolvent and bankruptcy surely inevitable, says Rowan, management decided that it needed to raise enough capital to satisfy its senior debt holders. That would buy it enough time to enter Chapter 11 in an organized way. This plan resulted in the controversial sale of another four casinos from CEOC to Caesars Growth Partners for net proceeds to CEOC of $1.8 billion, which has been earmarked to repay the senior bank creditors at 100¢ on the dollar.

The plan also called for the holding company's original guarantee of the principal and interest payments on the subsidiaries' debt to be released, a move that was also extremely controversial. Special committees were set up. Investment

bankers were hired, and fairness opinions were written. Says Stephen Cohen, a managing director at Teneo Strategy, CEOC's public-relations firm, who is sitting with us in Rowan's palatial office overlooking Central Park: "This is where we start to get angry people."

BY THIS TIME most of Caesars' debt was held by hedge funds, not banks. And even as the rhetoric on both sides spiraled, the contest between the hedgies and the buyout guys began to take on a "just business" feel reminiscent of the Warner Bros. cartoons featuring Ralph E. Wolf and Sam Sheepdog, in which the two adversaries exchange pleasantries each day before punching into the same time clock and attempting to bash each other's heads in.

The junior creditors at CEOC—Canyon, Oaktree, and others—were apoplectic that the senior creditors were paid off at par while their debt was trading for pennies. They accused CEOC, Loveman, Apollo, TPG, and everyone else they could name of stripping the assets from CEOC, selling them at fire-sale prices, and then using the proceeds to pay off the senior creditors.

In legal bankruptcy parlance, this claim is known as a "fraudulent conveyance" and, if proved, could result in an unwinding of the transactions in question and a restoration of the way things were before the deal occurred. (Such unwinding rarely happens; instead, additional value is given to junior creditors to compensate them for their perceived losses.) Rowan counters that everything was done properly and says that the board was well aware that the asset sales were being carefully monitored.

Canyon and Oaktree tried to enjoin the transaction by asking the regulators to disapprove it. But the deal closed, the money changed hands, and the senior bank holders got the proceeds or a pledge of them.

Then all hell broke loose. The lawsuits started flying. In an August 2014 complaint, Wilmington Savings Fund Society, the indenture trustee for one tranche of CEOC's senior secured notes, accused many of the corporate and individual players in the

buyout, including Bonderman, Rowan, and Loveman, "of a series of self-dealing transactions" with a purpose of enriching the holding company and its shareholders "at the expense of CEOC and to move CEOC's assets beyond the reach of CEOC's creditors."

The lawsuit accused the defendants of creating a "Good Caesars" and a "Bad Caesars." "Only the 'Bad Caesars' remains liable for the vast majority of the debts incurred in the 2008 buyout transaction," the lawsuit argued. The next morning CEOC filed a lawsuit against Wilmington Savings.

A separate lawsuit, by UMB Bank, another indenture trustee, was more pointed. "This is a case of unimaginably brazen corporate looting and abuse perpetrated by irreparably conflicted management," the suit began. UMB put the extent of the "shameless giveaways" from CEOC to other affiliated entities at "more than $4 billion." Like Wilmington Savings, UMB wanted the transactions reversed and the assets restored to CEOC.

On Dec. 15, 2014, CEOC skipped a $225 million interest payment on $4.5 billion of its junior debt—the first time the company had failed to make a scheduled interest or principal payment. CEOC said it was taking advantage of a "grace period" on the payment, even though it had more than $1.5 billion in cash on its balance sheet. Four days later CEOC announced that it had reached an agreement with some of its senior creditors under which it agreed to file for bankruptcy in a month's time and never to pay the interest due to the holders of its $4.5 billion of junior debt or to pay any of its principal.

This was a step too far for Appaloosa's Tepper and the other holders of the CEOC junior debt. On Jan. 12, 2015, the junior creditors of CEOC, led by their respected attorney Bruce Bennett at Jones Day, filed an involuntary-bankruptcy petition against the company in Chancery Court in Delaware. At the same time, Bennett filed a motion in Delaware for an examiner to be appointed to investigate the more than 50 transactions that Apollo, TPG, and Caesars management had undertaken since September 2008. "All were transacted under the cloak of secrecy, with little or no disclosure of material facts, and without any apparent attempt to market test their value," Bennett wrote.

Court-appointed examiners have become common in big, complex bankruptcies as a way to try to figure out what happened and whose ox was gored. But examiners are expensive and can delay the proceedings. The examiner in the Lehman Brothers bankruptcy received around $50 million for his 13 months of work and that of his law firm.

Three days later CEOC filed a voluntary-bankruptcy petition in Chicago. The company said it wanted to proceed with its previously disclosed restructuring, which it said had the support of at least 80% of its first-lien noteholders. CEOC's plan called for the long-hoped-for split of Caesars into an operating company and a publicly traded REIT, which would own a new real estate company, and called for the elimination of nearly $10 billion of CEOC's $18.4 billion of debt by issuing creditors new debt with a face amount of $8.6 billion. Annual interest expense would be reduced to $450 million, from $1.7 billion.

The proposal was contingent on the successful completion of one more bit of Rowan-inspired financial engineering: the $3.5 billion merger of the Caesars Growth Partners business with Caesars Entertainment, the publicly traded parent company. The merger would allow Caesars Entertainment to get its hands on nearly $1 billion of Caesars Growth Partners cash and to help fund the proposed plan of reorganization.

Where this all ends up is anybody's guess. On March 25, the Chicago bankruptcy judge appointed Richard Davis, a former Watergate prosecutor and Weil Gotshal attorney, to be the examiner with a mandate to uncover whether there was "any apparent self-dealing or conflicts of interest involving" CEOC. Davis said he would charge $850 an hour for his services, a discount of $100 per hour off his usual fee.

OTHER THAN THE lawyers and M&A bankers, the only real winners in the Caesars fiasco so far are David Tepper of Appaloosa and Paul Singer of Elliott Management. Both investors have made money on their Caesars bets. Tepper did so by buying the CEOC junior debt at its nadir late last fall and watching as it has traded up. Singer profited by buying credit-default swaps on CEOC's bank debt, which have reportedly risen nearly 60% in value as the restructuring negotiations unfolded.

As for Loveman, he's had enough. In early February, he announced that he would step down as CEO on July 1. Mark Frissora, the former CEO of Hertz, will replace him. Loveman will remain chairman of both Caesars Entertainment and the bankrupt CEOC. He concedes that he's burned out. The ordeal has taken its toll. "I want to go do something else," says Loveman. "I won't work in the casino business again. I'd like to do something completely different."

Loveman says he's left to contemplate one burning question: "How do you prepare yourself for events that are awfully hard to predict?"

Rowan, on the other hand, says he has

remained "Zen" throughout the process. At best, he says, Apollo might recover half its investment. But Rowan has no intention of giving up the fight. "People can like or not like Apollo, but we are tenacious," he says. "We dig in, and we try to fix the problems."

Part of what must stick in the craw of the junior creditors at CEOC is that, after all the years of financial finagling, Apollo and TPG have managed to retain a portion of the value of their original investment. With their combined ownership stake of 60.6% in Caesars Entertainment plus their stake in Caesars Growth Properties, Rowan says Apollo values its original equity investment at 20¢ on the dollar. That's about where CEOC's junior debt trades too, making for an unusual dynamic: It is rare for an equity investor in a failed LBO to potentially receive the same recovery as a group of junior creditors. If any creditor gets less than 100% of his principal back, the equity generally gets wiped out. For that reason alone, the Caesars deal will be talked about for years in the buyout world.

But, of course, few disastrous LBOs of this magnitude have had a salvage crew as savvy and dedicated as Rowan and his team. Now, Rowan says, there simply is no value left for CEOC's junior creditors. It's not personal, he explains, it's just the way the math works. The junior creditors, of course, disagree. "The reality is they are out of the money," says Rowan. What they proposed, he says, was a "one-sided exchange transaction," which Caesars rejected in order to have a chance for a more organized restructuring.

Where then does that leave the contest of the century between the best and brightest players in private equity and the world's savviest distressed hedge fund investors? The final outcome will be seen after either litigation or tough negotiations, or both. Meanwhile, some hard lessons have been learned. Namely, that the most sophisticated financial engineering on Wall Street is useless if your core business collapses.

Besides Tepper and Singer, Rowan believes, everyone has lost money. "There are no geniuses now at Apollo and TPG," he concludes.

DOING BUSINESS DOWN UNDER

WITH A PRIME ASIA-PACIFIC LOCATION, AN EDUCATED WORKFORCE, AN ABUNDANCE OF NATURAL RESOURCES, AND FRIENDLY PEOPLE, AUSTRALIA OFFERS COMPANIES AN UNPARALLELED BUSINESS ENVIRONMENT.

AUSTRALIA, THE WORLD'S 13TH-LARGEST economy, is entering its 24th year of uninterrupted annual growth. The country's prime location near—and strong ties with—Asian economies positions it well: In fact, according to Aaron Ross, Head of the Institutional Client Group – Australia at ANZ, the Australian banking company, 70% of the nation's two-way goods trade is with Asia, and 10 of its top 12 export markets are Asian nations. Australia's workforce is highly skilled, with 50% holding advanced degrees. That bodes well for employers in agribusiness, education, wealth management, and other sectors.

With such solid fundamentals—as well as record-low interest rates, a strong banking sector, and financial liquidity—Australia has attracted a tremendous number of multinational and U.S.-based companies in recent years. Pharmaceutical giant Pfizer is now working in partnership with Australia's Monash University on future drug development. Discount retailer Costco has invested $110 million over the past five years to open more stores in Australia.

And the country is the recipient of the largest investment made outside the U.S. by aerospace leader Boeing: Over the past 10 years, the company has transferred an estimated $100 million in technological know-how to Australia, and has invested more than $500 million in facilities, equipment, training, and research laboratories, according to the Australian Trade Commission.

Of course, there are challenges. Employment in the mining industry, long a dominant sector, has fallen sharply over the past year, and the manufacturing sector has seen a concurrent loss of jobs. "The primary challenge for the economy at the moment is to navigate the transition from mining to non-mining drivers of growth," explains ANZ's Ross.

Accordingly, he says, there has been strong job growth in industries exposed to the housing sector, such as construction, architectural services, and engineering.

Finally, given its lush landscape and premier vacation-destination status, it's not surprising that Australia's tourism industry is also experiencing good growth. Expanded air travel, particularly with Asia, has resulted in a healthy uptick in international and domestic tourism, and Australians and visitors have benefited as they now can take advantage of less expensive overseas flights. Expanded air travel has also helped trade with Asia in another, rather unexpected way, Ross says: Fresh food can now be chilled and transported quickly throughout the region.

So if you've noticed more Australians abroad, and colleagues traveling to the country, it's a trend that makes sense—and beckons the corporate class to join the party.

PHOTO, LOWER LEFT: BEK3457/EMPORIS.COM

CONNECTIONS
MAKE
THE WORLD
GO ROUND
When it comes to growing your business across borders, connections count.
That's why ANZ connects you to insights and expertise in markets across Asia Pacific.
So when you need to reach your customers, suppliers and business partners, you know
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Q:
What will you do when everything is as smart as your phone?
Erase the boundaries between digital and physical.
Become a citizen of a much smarter city.
Let your car be the one looking both ways.
Redefine the classroom.
Live in a habitat shaped by your habits.
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INNOVATION? FULL SPEED AHEAD.

MEET THE ACCELERATORS

FANTASTIC FIVE: SHERI HICKOK, BEN ARTIS, STARLEE SYKES, AJINDER SINGH, AND LEANNE HUNTER

These five men and women at *FORTUNE* 500 COMPANIES are using talent and technology to devise new approaches, develop new products, and drive their industries forward. Hang on tight.

WHEN IT COMES to the creation of world-changing ideas, startups get all the acclaim. We get it—being the new kid on the block is a blessing, not a curse, in the land of innovation. But that's not the whole picture. A number of landmark tools and technologies can be credited to clever people working for some of the largest companies on the planet. Xerox (No. 143) in the 1970s invented Ethernet, now a fixture of the modern Internet-connected office. Motorola (No. 363) in the 1980s developed Six Sigma, a set of process-improvement techniques that changed the way *Fortune* 500 companies operated. And Walmart's (No. 1) use of "continuous replenishment" for inventory in the 1990s is a key reason it has spent more than a decade at or near the top of our iconic list. What will the next 10 years bring? Hard to say—but these five movers and shakers are among those best positioned to grasp it. Read on to discover our 2015 "accelerators." *—Andrew Nusca*


Q:
When you have 1,000 times more wireless bandwidth?
Upload a virtual art gallery.
Stream every song in your library to all your friends, instantly.
Get virtual medical diagnoses to remote African villages when seconds count.
Bliss out over every angle of the championship game while sitting in the stands.
Download a killer movie just before the flight attendant kills your Internet connection.
Why Wait™
QUALCOMM®

THE CONNECTOR

"IT'S ABOUT OWNING IT AND NOT HAVING ANY REGRETS."

SHERI HICKOK, 37

CHIEF ENGINEER, NEXT-GEN FULL-SIZE TRUCKS
GENERAL MOTORS
NO. 6

"I CONSIDER MYSELF the wedding planner of the auto industry," Sheri Hickok says with a chuckle. "I pull together the pieces, parts, and people who execute a vehicle." Hickok leads the group responsible for the Chevrolet Silverado, a division so important to GM that a misstep could be "detrimental to the company's long-term outlook," she admits. Not that she's worried. "We have our eyes on the prize. The next truck will take it to the next level." —*Andrew Nusca*

PHOTOGRAPH BY **BILLY DELFS**

BEN ARTIS, 28

SENIOR CATEGORY MANAGER, CONNECTED HOME
WHIRLPOOL
NO. 148

BEN ARTIS USED TO LINK DISPARATE IDEAS as a weekly improv-comedy performer in Chicago. Now the new father helps his century-old employer strike deals with strange bedfellows—such as Google's Nest—to help Whirlpool secure a role in the growing Internet of things. The result? A line of laundry machines that can detect when you leave home and switch to a setting that keeps dried clothes fresh. It's improv's "Yes, and ..." approach applied to tech. —*Katie Fehrenbacher*

"NEVER SAY NO TO A NEW IDEA UNTIL YOU'VE HAD A CHANCE TO SEE ITS POTENTIAL."

PHOTOGRAPH BY **SAVERIO TRUGLIA**

HICKOK: HAIR AND MAKEUP BY LORETTA MANGES

STARLEE SYKES, 39

VICE PRESIDENT, DEEPWATER PROJECTS

BP

NO. 6 (GLOBAL 500)

STARLEE SYKES STANDS OUT. A woman in a man's industry. An operations expert in a sea of financial gurus. An executive who spends more time in Angola, Brazil, and Trinidad than in her Houston office. Her job? Extract oil from some of the world's trickiest spots. The gig puts Sykes—one of six kids and a Texan—in charge of 14 deepwater drilling projects and, in turn, BP's future. Says Sykes: "I've never said no to a challenge." —*Stacey Higginbotham*

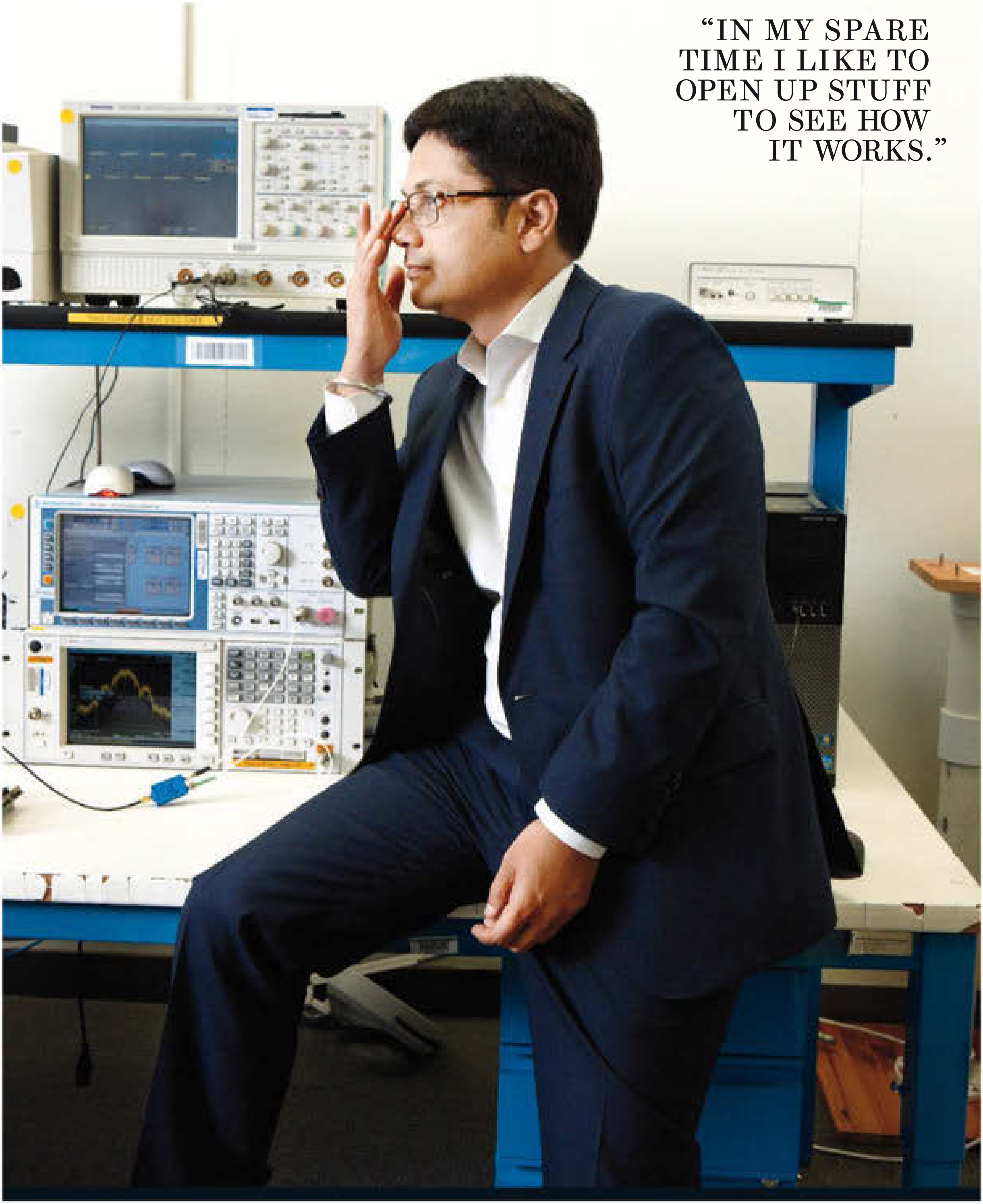
PHOTOGRAPH BY NATHAN LINDSTROM

AJINDER SINGH, 38

SYSTEMS MANAGER, BUILDING AUTOMATION
TEXAS INSTRUMENTS
NO. 233

AS A HOBBY, AJINDER SINGH dissects candy machines and remote-controlled cars. At his office he cracks open TI's "smart" building devices—Internet-connected thermostats, air-quality sensors, surveillance cameras—to improve them. A recent feat? Singh and his team designed a way for the gadgets to harvest indoor light, saving energy, money, and (in some cases) the need for replacing batteries. "Engineering is my passion," he says. Indeed.—*Robert Hackett*

"IN MY SPARE TIME I LIKE TO OPEN UP STUFF TO SEE HOW IT WORKS."



PHOTOGRAPH BY NANCY NEWBERRY

THE NEGOTIATOR

"SHERYL SANDBERG HAS BEEN A REAL INSPIRATION."

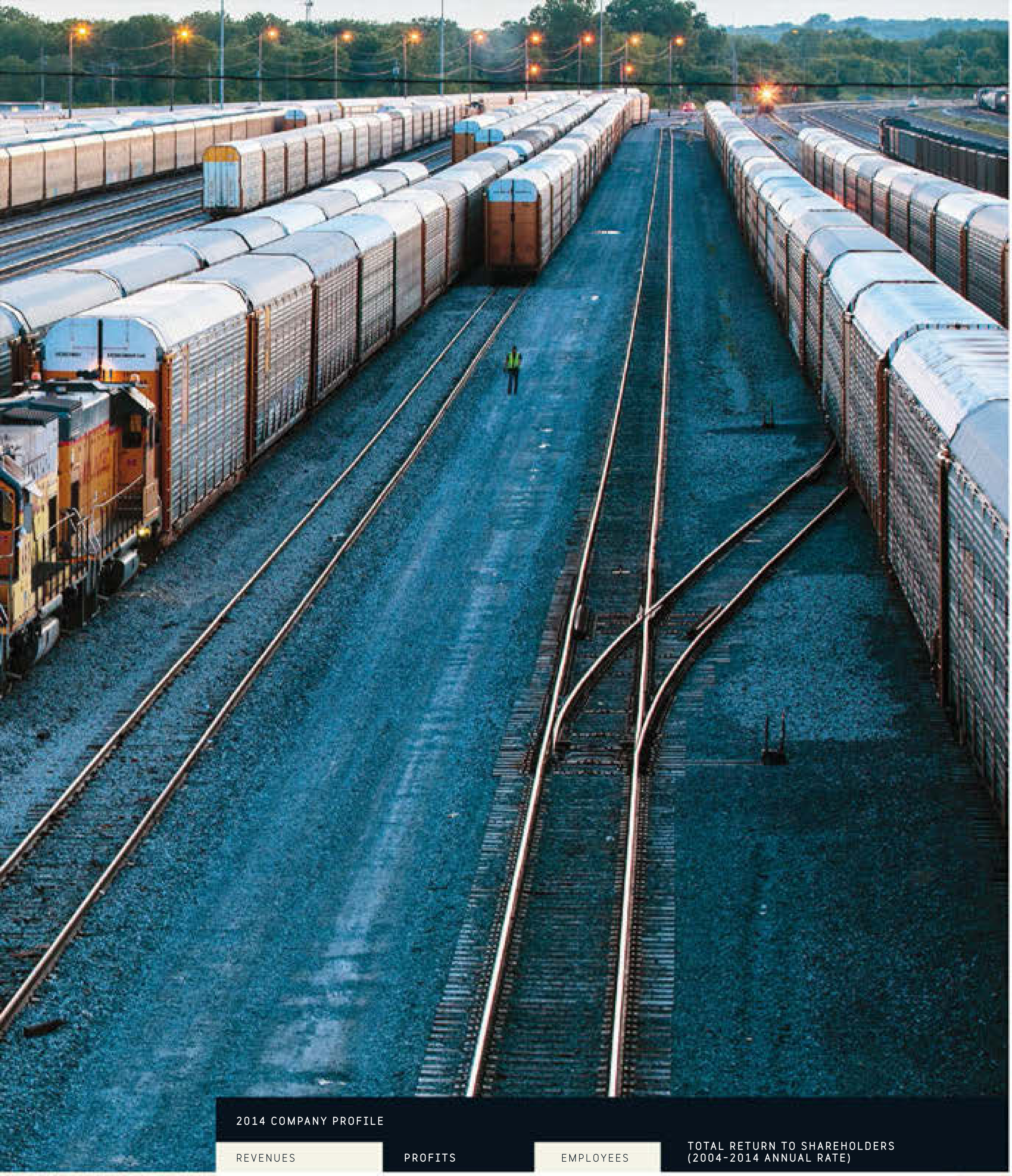
LEANNE HUNTER, 36

PURCHASING MANAGER
CATERPILLAR
NO. 54

LEANNE HUNTER'S SOOTHING IRISH LILT BELIES the fact that she spends her days sparring with suppliers to reduce costs. "Material can be 70% of product cost," she says. "That's huge." Caterpillar is best known for its yellow tractors, but its lucrative power generators are "one of the company's best-kept secrets," she says. Thanks to Hunter's data-driven negotiating, not for long. —*Andrew Nusca*

PHOTOGRAPH BY SHANE LYNAM

Profit Engine on the Rails



2014 COMPANY PROFILE

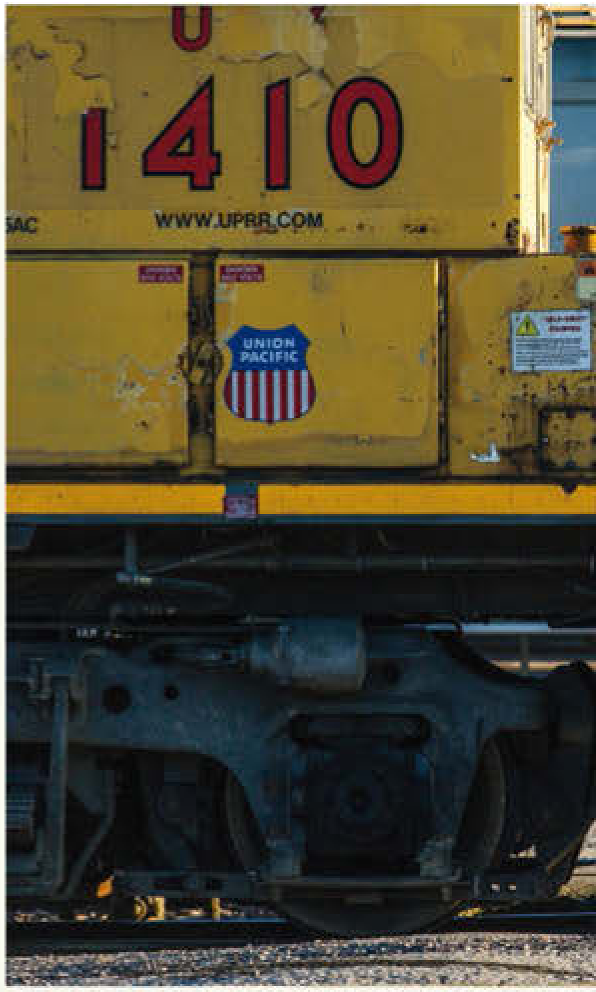
REVENUES	PROFITS	EMPLOYEES	TOTAL RETURN TO SHAREHOLDERS (2004-2014 ANNUAL RATE)
$24.0 BILLION	$5.2 BILLION	47,201	23.8%

Car-carrying trains, known as "autoracks," being assembled in Union Pacific's 18th Street Yard in Kansas City, Kans.

The very old-economy **UNION PACIFIC** is just as efficient (or more) at making money as new-economy icons Apple and Google. Here's how the railroad giant squeezes the most out of every mile.

BY SHAWN TULLY

PHOTOGRAPHS BY ANDREW HETHERINGTON

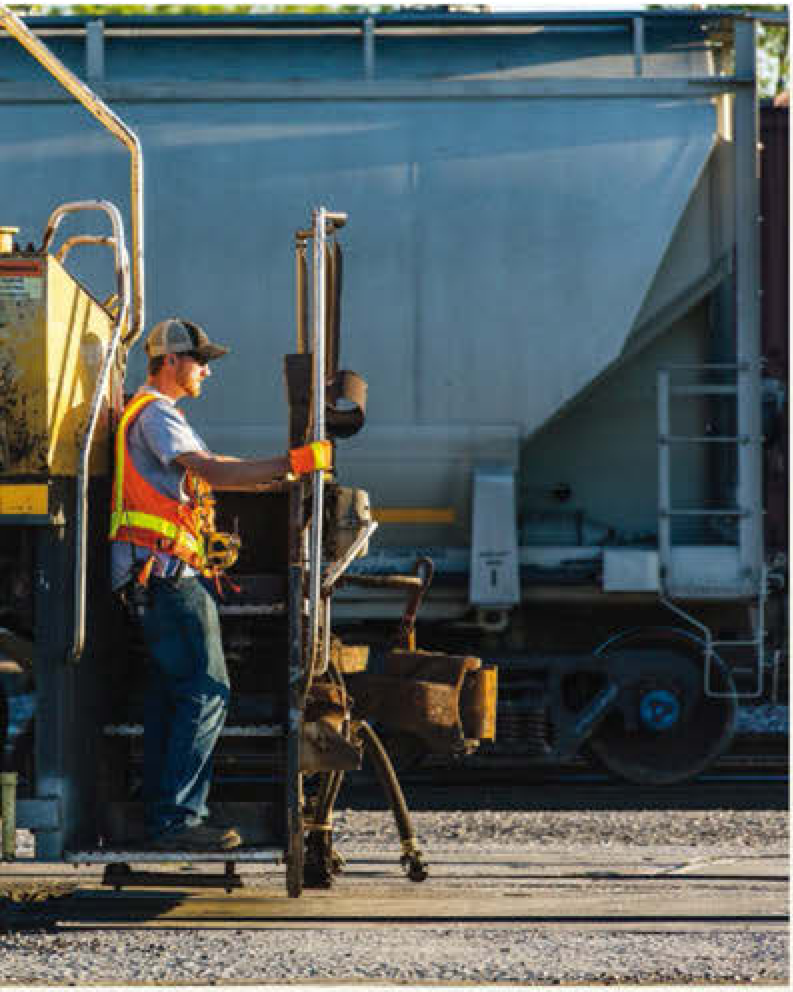


WARREN BUFFETT WANTED to buy a railroad. Back in 2009 the famed investor and CEO of Berkshire Hathaway could see that the U.S. freight rail industry was about to enter a new golden age. Buffett already had stakes in a few major railroads, but he wanted to own one outright. Eventually Buffett decided on Burlington Northern Santa Fe, based in Fort Worth. That November he made a $26 billion bid to purchase the remaining 77% of BNSF that Berkshire didn't already own. The deal closed in early 2010, making Burlington Northern a wholly owned unit of Berkshire Hathaway. ¶ Like many of Buffett's investments, BNSF has been wildly successful, more than doubling its earnings since 2009. But Buffett might have been even more successful had he stayed closer to home and bought the railroad with headquarters a few blocks away from Berkshire in Buffett's hometown of Omaha: Union Pacific, No. 123 on this year's *Fortune* 500 list. Union Pacific and BNSF are far and away the dominant carriers in the Western U.S., and stand nose to nose in revenues. But as Buffett himself noted in Berkshire's most recent annual report, his railroad's service slipped badly last year, and Union Pacific both performed a lot better for customers and made a lot more money. "We lost market share as a result," wrote Buffett. "Moreover, [Union Pacific's] earnings beat ours by a record amount."

Indeed, the 153-year-old Union Pacific—often referred to as "UP" within the rail industry—is not only outpacing Buffett's railroad but also beating almost every other industrial company in the *Fortune* 500. The old-economy warhorse generates profits at a rate that rivals those of the best tech, pharmaceutical, and financial services companies. In 2014, Union Pacific logged $5.18 billion in net profits on sales of $24 billion, for a return-on-revenues ratio of 21.6%. By that measure, the railroad company ties Apple (21.6%) and beats J.P. Morgan (21.3%), Goldman Sachs (21.1%), Intel (20.9%), Google (20.2%), and Pfizer (18.4%). The only non-oil industrial enterprise that ranks higher is forest products producer Weyerhaeuser (22.9%), whose sales are one-third those of Union Pacific's.

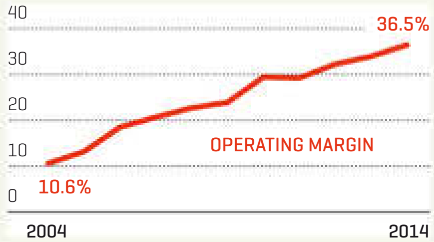
The key to UP's remarkable profitability is a highly disciplined investment approach overseen by a department called network planning. Developed over the past decade, the system is implemented by a group of analysts whom employees refer to as the "smart guys" (though many are women). The central tenet of network planning is that every outlay for new track, locomotives, or terminals must yield a return of at least 15%—and the "smart guys" brook no excuse for failure.

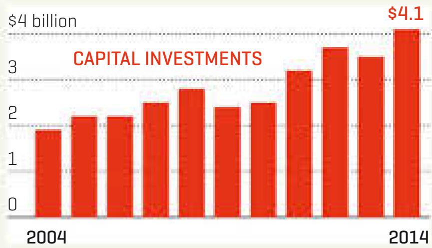
Given the railroad's strong profitability, it's no surprise that Union Pacific has richly rewarded shareholders. From the start of 2005 through the end of 2014, it delivered a total return of 746%, or 23.8% per year, compared with a 20.6% annual return for the S&P railroad index and 7.7% for the broader market over that time. With a recent market cap of $91 billion, Union Pacific



Picking Up Speed

Since 2004, Union Pacific has increased its profit margins by more than 20 percentage points. It has plowed a big portion of those earnings into capital investments to upgrade its rail network.





A foreman uses Union Pacific's "big belt pack" and a remote-controlled locomotive to switch cars to new tracks at the 18th Street Yard in Kansas City, Kans.

is tied with UPS as one of the two most valuable transportation companies on the planet. It's worth more than American Airlines, Delta, and United Continental combined.

Despite that performance, Union Pacific is suddenly facing big challenges, because two of its major growth engines, coal and shale oil, are under pressure. Even its vaunted efficiency has taken a hit as the sudden pullback in those businesses—following a big buildup in 2014—has saddled Union Pacific with too many people and too much equipment.

Now a new CEO must take on the challenge of getting Union Pacific back on track. In February the board appointed Lance Fritz to succeed the retiring Jack Koraleski, a 43-year company veteran. After years of flush times, it's unclear whether railroads will keep thriving, or whether Union Pacific will retain its status as the best managed of its peers. Fritz, who most recently headed operations at UP, is well aware of the task ahead. "We were the best of the competition, but we lost some of the fluidity of our network," he says. "We have a lot of work to do."

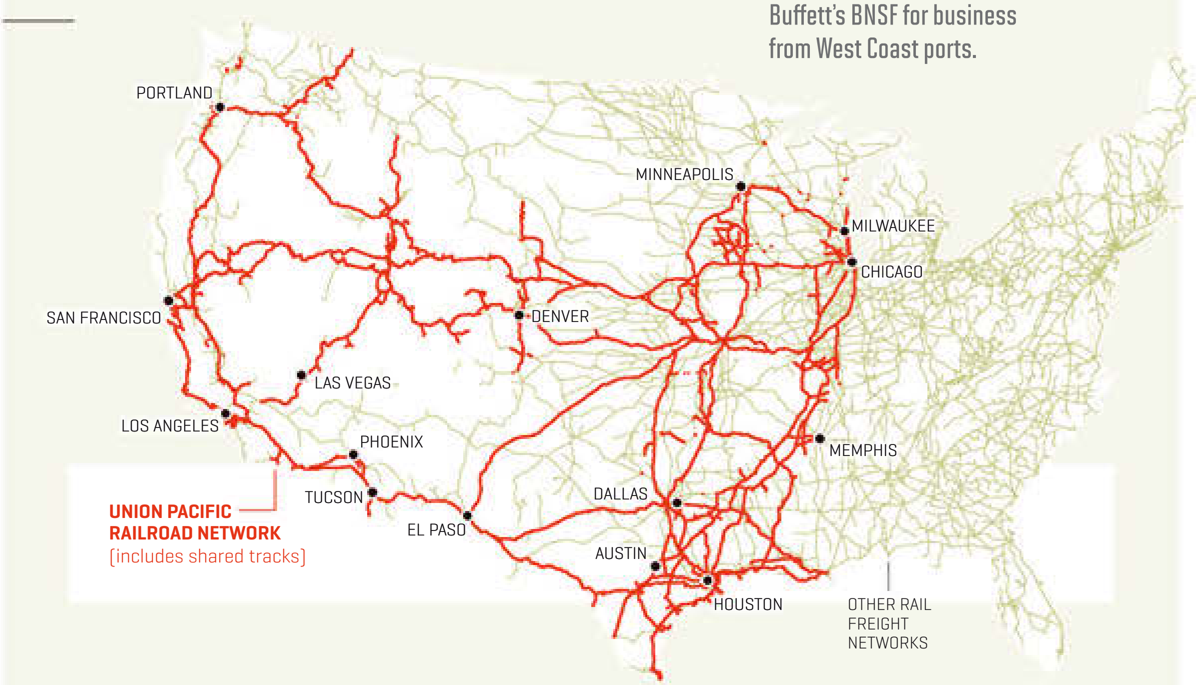
THE CURRENT DOWNTURN for the rail industry feels especially sharp because 2014 was such a blockbuster year. An extremely cold winter and high natural-gas prices led to a big increase in coal shipments to utilities, especially from Wyoming's Powder River Basin. A terrific harvest swelled carloads of grain. As the economy rebounded, the number of trainloads of finished cars and auto parts surged. Business from shale oil production, especially transporting "frac sand" from mines in Wisconsin to prime regions such as the Bakken in North Dakota and the Eagle Ford in Texas where oil is extracted by hydraulic fracturing, expanded around 25% from 2013, building on three years of fast growth. All told, Union Pacific's volumes soared 7% in 2014, around four times the 1.5% or so that's normal in a good economy.

Even in late 2014, Union Pacific's management was forecasting—and adding manpower and equipment for—a fantastic 2015. But so far, this year has proved to be a disappointment. The biggest surprise has come in coal. Electric utilities shifted en masse from coal to natural gas as gas prices dropped sharply in late 2014 and early 2015. At the same time the sudden decline in oil prices caused a slowdown in fracking activity. To make matters worse, labor strife

GRAPHIC SOURCE: COMPANY FILINGS

Giant of the West

UNION PACIFIC competes with Buffett's BNSF for business from West Coast ports.



at the ports in Los Angeles and Long Beach caused a big drop in shipments of imports from Asia. Union Pacific's freight revenues actually fell 1% in the first quarter compared with the first three months of 2014, the first such decline in six years. After gaining 42% in 2014, the railroad's stock had dropped 13% through late May, erasing around $14 billion in market value.

Investors are overreacting. The railroads, and especially Union Pacific, should quickly regain momentum—for three main reasons. First, the U.S. rail market essentially consists of two duopolies: CSX and Norfolk Southern in the Eastern U.S., and Union Pacific and BNSF in the West. (Two other railroads, Kansas City Southern and Canadian National, operate limited routes in the U.S.)

The best territory is the vast Western region. The Union Pacific network stretches across 23 states and 32,000 miles of track, from Los Angeles and Seattle to Chicago and New Orleans. The market it shares with BNSF offers gateways to the nation's busiest ports, and ultra-long routes from origin to destination greatly lower the cost per mile of transporting boxcars of auto parts or tank cars of chemicals. UP and BNSF do compete for business, but not super-aggressively. "In the mid-2000s the railroads decided they'd been killing themselves competing extremely hard on price," says Larry Gross of FTR Transportation Intelligence. "They learned price discipline, and they've become pretty darned disciplined."

Customers grudgingly accept price increases that consistently exceed inflation partly because service has substantially improved, but also because they have no other good choice. That's led in the past to accusations of collusion, which the railroads, including Union Pacific, have strongly denied. But the industry's price discipline—reminiscent of muted competition between airlines—shows no signs of going away. Hence, UP will continue to benefit from the biggest factor powering its profits: the ability to consistently raise prices faster than costs, and by a generous margin.

The second reason to be bullish is that Union Pacific's revenue mix is highly diversified, giving it good growth prospects despite the recent reversals in coal and fracking. Its coal volumes have been falling for several years, and the combination of tougher environmental regulations and, in all probability, continued low natural-gas prices make it likely that the decline will persist. The fracking-enabled boom in production of shale oil has filled the gap from coal since 2010. But it's highly uncertain if that will rebound or fade.

The fracking phenomenon has also created new problems. There have been a number of high-profile derailments of trains—including one by UP—carrying shale oil, much of which is produced in new drilling areas without established pipeline networks and must be moved by rail. That has drawn a lot of scrutiny to the railroads. The industry counters that accident rates have actually been falling consistently since 2004.

In any case, Union Pacific's business is hardly dependent on shale oil. Transporting sand, drilling pipe, and crude oil furnished only 4.5% of UP's volumes at the peak in 2014. Meanwhile three other

GRAPHIC SOURCE: U.S. DEPARTMENT OF TRANSPORTATION

major franchises—chemicals, automotive, and agricultural products—are all showing strong gains. More than a dozen big chemical companies are building tens of billions of dollars in petrochemical plants along the Gulf Coast, and Union Pacific, boasting by far the region's best routes, is destined to get most of their rail business. Best of all, the railroads enjoy a big, and growing, cost advantage over trucks for long-haul shipments. The shift of cargoes from trucks to trains will be Union Pacific's principal growth locomotive in the future.

Third, Union Pacific is an expert at constantly, relentlessly improving its efficiency. In a hugely capital-intensive business, that means increasing its volumes of freight far faster than it adds new employees, locomotives, and boxcars. Don't think that Union Pacific skimps on capital investment. Far from it: Its capital expenditure has almost doubled, from $2.2 billion in 2006 to a planned $4.2 billion in 2015. It simply gets more profit from the dollars invested than its competitors, and serves customers better as a result.

Still, the surge in business last year caused logjams in Union Pacific's normally nimble network. The heavy traffic slowed its trains, and railcars spent far more time in storage between trips. To move all the new freight through an increasingly congested system—think of rush-hour traffic all day long—Union Pacific added 3,600 employees and purchased 260 new locomotives. The extra trains moved more cargo, but delivery times slowed considerably. For example, it took as long as 200 hours for a coal train to run from the Powder River Basin to Missouri and back, compared with 120 hours in 2013.

As a result, UP has recently begun furloughing employees and moving locomotives back into storage. As congestion eases, the speed of its trains—a crucial measure of efficiency called "velocity"—is starting to improve. Now its average speed is 24.5 miles an hour; that's about 1 mph better than its velocity through most of 2014, but well below the average of 26 mph the previous year—a number it plans to exceed in the next 12 months. That improvement will be crucial: Each 1 mph increase eliminates the need for as many as 200 locomotives.

UNION PACIFIC'S LAST three CEOs spent their entire, multidecade careers at the company. By contrast, the new boss, Fritz, 52, worked for a wide variety of manufacturers before joining Union Pacific in 2000. The son of an aircraft engineer, Fritz grew up in suburban Philadelphia and attended Bucknell University. After stints at General Electric, conglomerate Cooper Industries, and Fiskars, a Finnish gardening products manufacturer, Fritz in 2000 accepted an offer to run Union Pacific's coal division. "I went from running a $100 million business at Fiskars to a $2.5 billion business at UP," says Fritz, who, after all the businesses he'd seen sold, appreciated the tradition of long service at UP.

As chief of coal, Fritz reworked long-term, below-market contracts with utilities, becoming an expert at trading better service for higher pricing. Fritz then cycled through a variety of jobs. In rapid succession he ran the railroad's Northern region, then its Southern network, headed labor relations, and, before becoming CEO, oversaw operations for the entire railroad for four years.

Fritz says his most pressing challenge is to "right-size" equipment and personnel so that the network regains its old fluidity, but at the same time to keep sufficient railcars, locomotives, and personnel in reserve to handle a new surge in business. He recently furloughed 600 workers. But he's also giving those workers eight days of work, and pay, each month, and continuing full benefits. The hope is that instead of spending months training fresh recruits, Union Pacific may be able to hire furloughed folks back quickly if needed. Fritz is extremely proud of the program. "We used the program in 2009, and 90% of the furloughed people came back, compared with 33% before," he says. "I expect that to happen again."

One of Fritz's key lieutenants is chief financial officer Rob Knight, the architect of Union Pacific's capital-management system. When Knight took the CFO job at Union Pacific in 2004, UP was the least profitable major railroad. Its operating margin stood at a paltry 10.6%. The following year Knight set a goal of 25% by 2010. "People thought I was crazy," he recalls. "The attitude was, 'All business is good business.' People didn't care about pricing."

Knight knew that Union Pacific couldn't much change its business mix or growth rate. Those factors depended on the economy. Instead, the crucial levers would be productivity (keeping the cost of shipping each carload in check through smart investments to increase the average speed, length, and reliability of trains) and pricing (ensuring that rates consistently rose far faster than costs). That was Knight's formula for growing margins. To make the numbers, Knight figured that managers would need to deliver 15% annual returns on all new business and capital outlays.

Today the network planning group of 70 analysts oversees this process from cubicles on the 11th floor of Union Pacific's office tower in Omaha. The "smart guys" are anything but wonks. Many are managers from the field who spend a year or two in the department and blend

LEFT: New CEO Lance Fritz previously ran operations for the railroad.
RIGHT: Inside UP's dispatch center, known as "the bunker," in Omaha, where workers direct as many as 1,000 trains per day across 23 states.

excellent math skills with rail yard know-how. A case in point is Danny Torres, who spent most of his career working in repair facilities and depots, and now runs a network of 10 terminals in Iowa. "We work with a financial model that says, How much profit will adding this siding or extra track add? Will it slow or increase efficiency in other parts of the network? When it's all taken together, will the total return reach 15%?"

Knight also built a second financial function that might be called "green, yellow, red." In each of the big operating businesses—coal, industrial products, chemicals, and so on—Knight installed financial managers to evaluate new business. They enter the proposed pricing on all new contracts, as well as the extra costs in fuel, manpower, and everything else the business will require, into an online operating system that projects the rate of return. If the number is well over 15%, the system flashes green. If it's on the margin, the signal is yellow. "If it's red," says Knight, "and it's the best pricing we can offer, we let it go."

He gradually won converts. By 2008, UP achieved the 25% goal. But Knight didn't stop there. Today UP's operating margin stands at 36.5%, and Knight pledges to hit 40% by 2019.

ON A LATE April morning, a female conductor at the Council Bluffs facility is moving train cars. She stands on the side of a single track filled with a long line of refrigerated boxcars carrying oranges, kiwis, and assorted fruits from California. A locomotive sits at the end of the train, ready to push the railcars forward. Around the conductor's waist hangs a yellow control box about the size of a small backpack, what Union Pacific calls the "big belt pack."

One after another, she uncouples the lead car, then hits a switch in the belt pack. By remote control, the device powers the driverless locomotive forward, just far enough to push the car onto one of 18 tracks that fan out from the single track. A second employee controls the switches that align the cars with the correct track. Within an hour, she has broken down 150 cars into groups of around 50 cars each that will be joined with more cars, then head to Minneapolis, Des Moines, and Topeka.

Before the big belt pack's debut in the early 2000s, the conductor had to relay instructions on when to push the next car forward via walkie-talkie to a third employee—an engineer running the locomotive. Now that engineer is freed up for the long hauls that make Union Pacific so profitable.

The big belt pack—which UP developed and now licenses to other railroads—is just one example of how the carrier attacks costs. And cost savings from heightened efficiency allow the company to plow more money into extending its capacity.

Today Union Pacific is investing heavily to expand its best growth business: intermodal freight. So-called intermodal cargoes are typically finished products such as electronics, clothing, or appliances that are shipped in corrugated steel containers or trailers. The containers often travel long distances by rail from one hub to another. Then they're loaded onto trucks—more than one mode of transportation is the "intermodal" part—and hauled a relatively

PHOTOGRAPHS BY GEOFF JOHNSON

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short distance—say, 50 miles—to a Walmart or Target warehouse.

Intermodal divides into two categories driven by different forces: international and domestic freight. The two markets are around equal in size, and each offers excellent prospects for growth. The international shipments tilt strongly to imports. That business suffered badly last year and in early 2015 because of labor strife at West Coast ports from Seattle to San Diego. The bottlenecks did lasting damage. Fearing future strikes and slowdowns, big shipping companies switched business to the Eastern Seaboard. Still, the strong dollar is poised to overwhelm that shift. According to economist John Husing, an expert on California's economy, shipments from the L.A. ports will jump to well over 8 million containers in 2015, a new record. "Keep in mind that clothing and furniture from abroad is a lot cheaper than a year ago because of the dollar's rise," notes Husing.

In recent years it's the domestic side that's been powering intermodal's growth. And it's destined to remain the main driver. U.S. intermodal is the territory where railroads compete most directly with trucks. For long-distance shipments, rail is winning. A major advantage is fuel efficiency. Trucks ship a ton of freight an average of 120 miles on a gallon of diesel fuel; railroads can move the same cargo 600 miles on that gallon.

But what's bound to hasten the shift is the sudden shortage of manpower plaguing the trucking industry and swelling its costs. In mid-2013, federal regulations imposed stiff new limits on the hours truck drivers are permitted to spend behind the wheel, rules designed to improve highway safety. As a result, the industry can't recruit enough drivers even as the economy rebounds. Since last year about 1.4 million commercial trucks, over 4% of the total, have disappeared from America's roads.

Today intermodal accounts for 20% of Union Pacific's revenues, and it's been growing at around 6% a year. Given the strong dollar and stress in trucking, the pace will quicken. Research firm Trefis forecasts that intermodal will become Union Pacific's biggest moneymaker by 2021, growing cash flow 77%, to $3.76 billion.

To efficiently handle the growth, Union Pacific is investing heavily in its principal artery for intermodal. That's the Sunset Route, a 760-mile corridor running from Los Angeles to El Paso. UP acquired the Sunset in its merger with Southern Pacific in 1996. Then, as now, the Sunset Route connected the L.A. ports to the biggest intermodal destination: Chicago. But that route competed directly with BNSF's far better intermodal service, and BNSF was getting a lot more of the business. The reason was basic: BNSF's L.A.–Chicago route had two side-by-side tracks along almost its entire 2,200-mile distance. By contrast, the Sunset Route was mostly single track. Instead of running trains in both directions, Union Pacific had to park a westbound train on a siding, often for hours, to avoid an eastbound train using the same track.

Over the past decade or so, UP has spent $1 billion to equip 80% of the Sunset Route with double tracks, and plans to reach 100% in the next few years. As a result 55 trains a day now run on the Sunset, compared with around 40 in the mid 2000s. It now carries one-fifth of Union Pacific's total traffic. UP still lags BNSF in intermodal revenues, but it is gaining market share. The double-tracking has helped raise the average length of Union Pacific's intermodal trains—which are now less limited by the need to fit on sidings—from 158 cars in 2007 to 170 today, meaning that UP is handling far bigger volumes.

By 2017, Union Pacific plans to run 90 trains a day on the Sunset Route. To prepare for all that traffic, it has just opened a giant new terminal in the New Mexico desert, near the Mexican border just west of El Paso. The $415 million Santa Teresa facility is the gateway to three major routes, branching to the Midwest and Chicago, Dallas–Fort Worth, and the Gulf Coast. Intermodal trains will refuel and change crews there before fanning out.

At Santa Teresa and other terminals near the Mexican border, Union Pacific is also capitalizing on Mexico's fast-growing manufacturing base. A big portion of that growth is in automobiles. In recent years virtually all the world's major automakers—Nissan, Ford, Chrysler, BMW, and many others—have announced or completed major manufacturing hubs in Mexico, in projects totaling $12 billion. The nation's car production is forecast to rise from 3 million vehicles in 2014 to 4.7 million by 2019. Union Pacific owns a big chunk of Ferromex, or FXE, one of Mexico's leading railroads. FXE carries trainloads of cars to Union Pacific's gateways, where the cargoes switch to UP locomotives. Union Pacific now transports two out of three of the new automobiles that Mexico exports to the U.S.

The railroad's superior strength in Mexico isn't lost on Buffett. During his presentation alongside Berkshire vice chairman Charlie Munger at the company's annual meeting in April, Buffett remarked, "Union Pacific's rail network is much better positioned for Mexico than BNSF." Buffett might have picked the wrong railroad to buy, but he knows a great business when he sees it.

FEEDBACK: STULLY@FORTUNE.COM

AUSTRALIA'S LURE FOR BUSINESS

THE COUNTRY'S NATURAL BEAUTY, CULTURAL DIVERSITY, AND STELLAR SERVICE LEVELS MAKE **AUSTRALIA** THE PERFECT PLACE TO HOST BUSINESS EVENTS.

FOR COMPANIES and organizations planning a conference, symposium, or other gathering, the list of requirements is typically straightforward: a secure, desirable destination with ample travel options, good meeting facilities, and quality accommodations for guests.

But what if, in addition to all that, guests could enjoy unparalleled service, state-of-the-art convention venues, memorably fine food and wine, and some of the most breathtaking landscapes, beaches, and natural environments in the world?

For these reasons, Australia is quickly becoming one of the most popular business event destinations in the world, last year attracting nearly 1 million international business guests who spent a combined $13 billion. These visitors come from organizations around the globe, representing the worlds of finance, government, philanthropy, and medicine, to name a few.

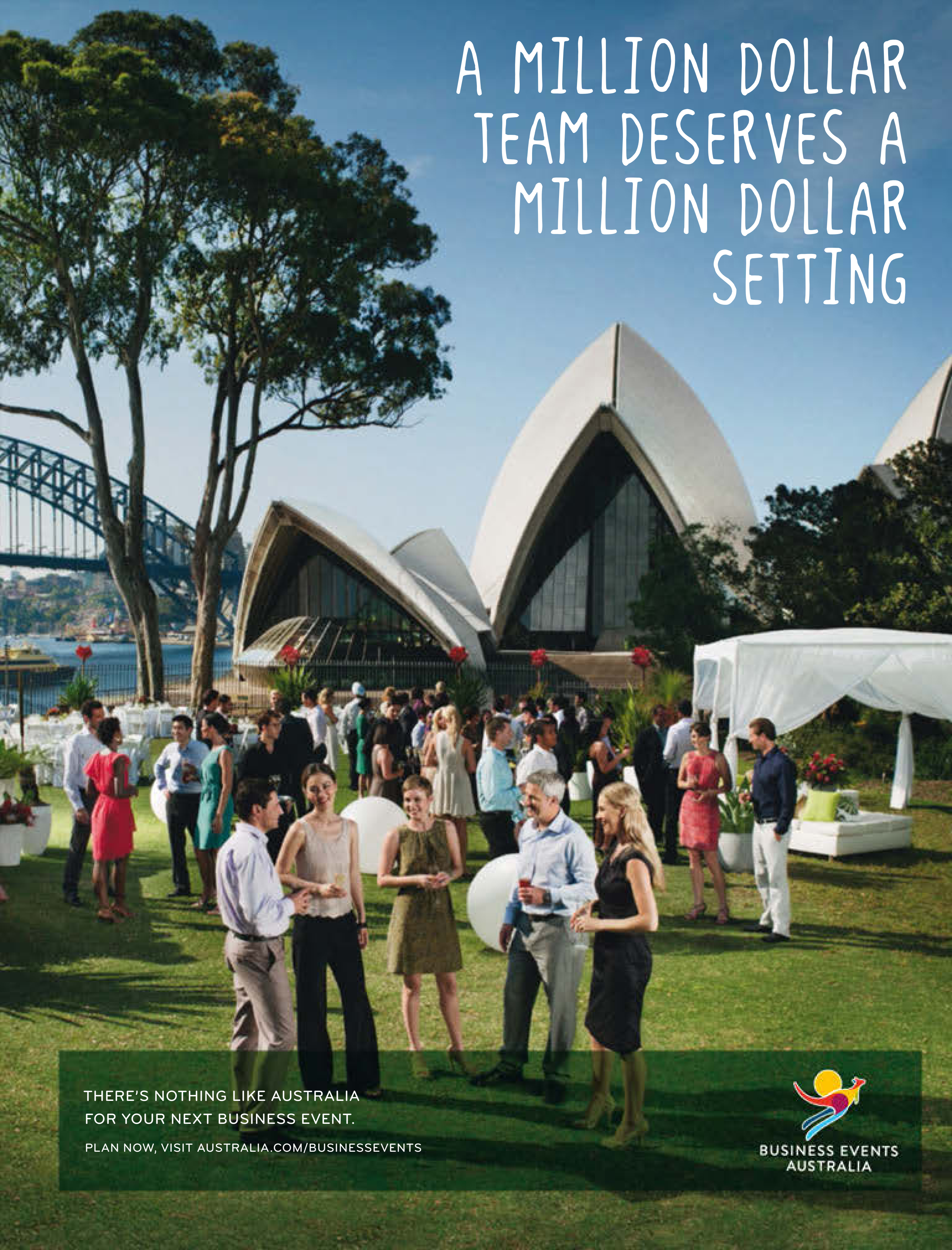
Jane Whitehead, vice president of the Americas for Tourism Australia, says there are multiple reasons why businesses and organizations are increasingly choosing Australia as the destination to host their events. "When we talk to the decision-makers for corporate and organizational events about what they value, we hear that the raw appeal of Australia—the environment, the landscape, and the people—is just very compelling and attractive," she says. Australia's excellent levels of service, exceptional business event facilities, and a wealth of fine food and wine options are some of the other top features important to people planning business events.

In the last several years, the country has hosted such high-profile events as the G-20 Summit, in Brisbane, and the Rotary International Convention, in Sydney. In 2017, the southern city of Adelaide will host the International Astronautical Congress, which will bring together over 3,000 delegates—including 200 astronauts—from around the world. The U.S. is the largest international market for business events expenditure in the country, spending $320 million for the year ending last September. The U.K., New Zealand, and China round out the top four that spend the most on business events there.

Because of its appeal as a vacation destination, Australia has also become a top choice for companies looking to reward employees or thank customers and clients. In March, Tupperware Indonesia took 4,000 of its top sellers to Melbourne, and next year Nu Skin China, the direct-selling personal-care products company, will treat its most valued employees to a trip to Sydney.

"There's a definite 'wow' factor to Australia that makes it a perfect destination to reward top employees," Whitehead says. Attractions such as the Sydney Opera House, the Great Barrier Reef, and the outback are among the most popular places for visitors. And with more airline flights into the country and more connections within, getting to and around Australia is easier today than it's ever been, she says.

Whitehead offers one more piece of information gleaned from multiple travel surveys: When asked to name the top spot on their wish list of places to visit, Americans say Australia more than any other place on earth.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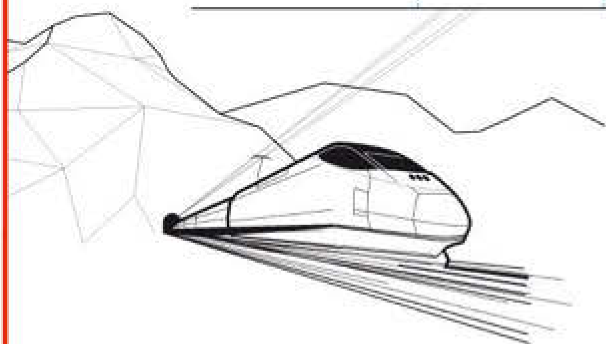
BY BRIAN DUMAINE

America Bets Big on Bullet Trains

EXISTING MILES OF HIGH-SPEED RAIL

CHINA	EUROPE	JAPAN	U.S.
6,917 MILES	4,699 MILES	1,655 MILES	456 MILES

OPEN THE FOLDOUT TO READ MORE

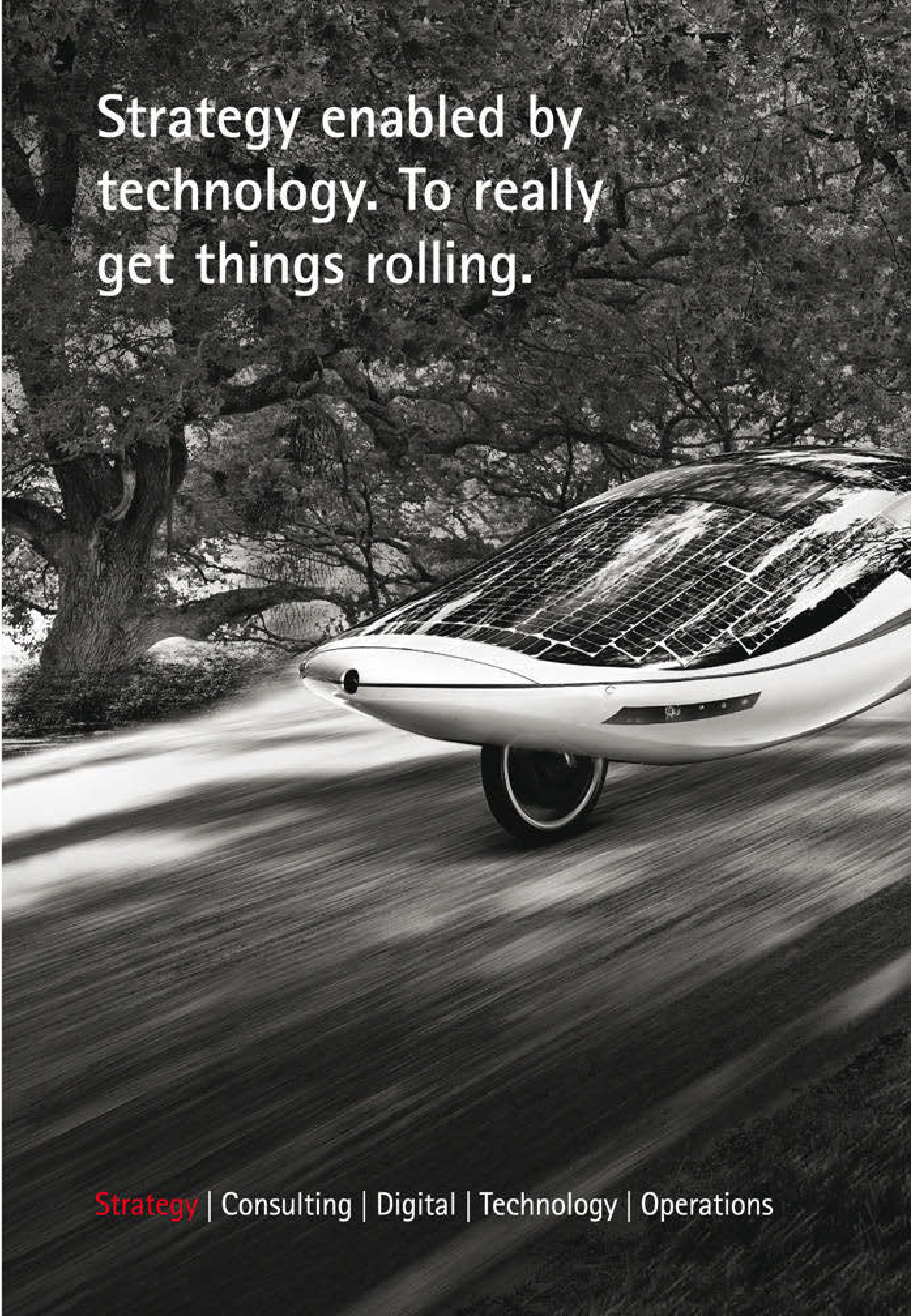


Compared with China, Europe, and Japan, the U.S. lags badly when it comes to high-speed rail. Can new projects proposed in California, Florida, and Texas get the nation back on track?

AMERICANS LOVE CARS, which goes a long way to explain why we've failed to build a serious high-speed-rail network. Yes, we have Amtrak's Acela Express, which runs from Boston to Washington, D.C., but that passenger train only occasionally hits 150 miles per hour—its average speed is a paltry 68 mph. (Too much speed contributed to the fatal Amtrak regional train crash in May.) By comparison Shanghai's maglev train hits a high of 268 mph and averages 143 mph. That might be about to change, as crowded highways, growing populations, and a generation of millennials lukewarm on car ownership have encouraged entrepreneurs and state officials in California, Texas, and Florida to start building the next generation of bullet trains.

ILLUSTRATION BY MARTÍN LAKSMAN

SOURCES: UIC HIGH SPEED DEPARTMENT AND AMTRAK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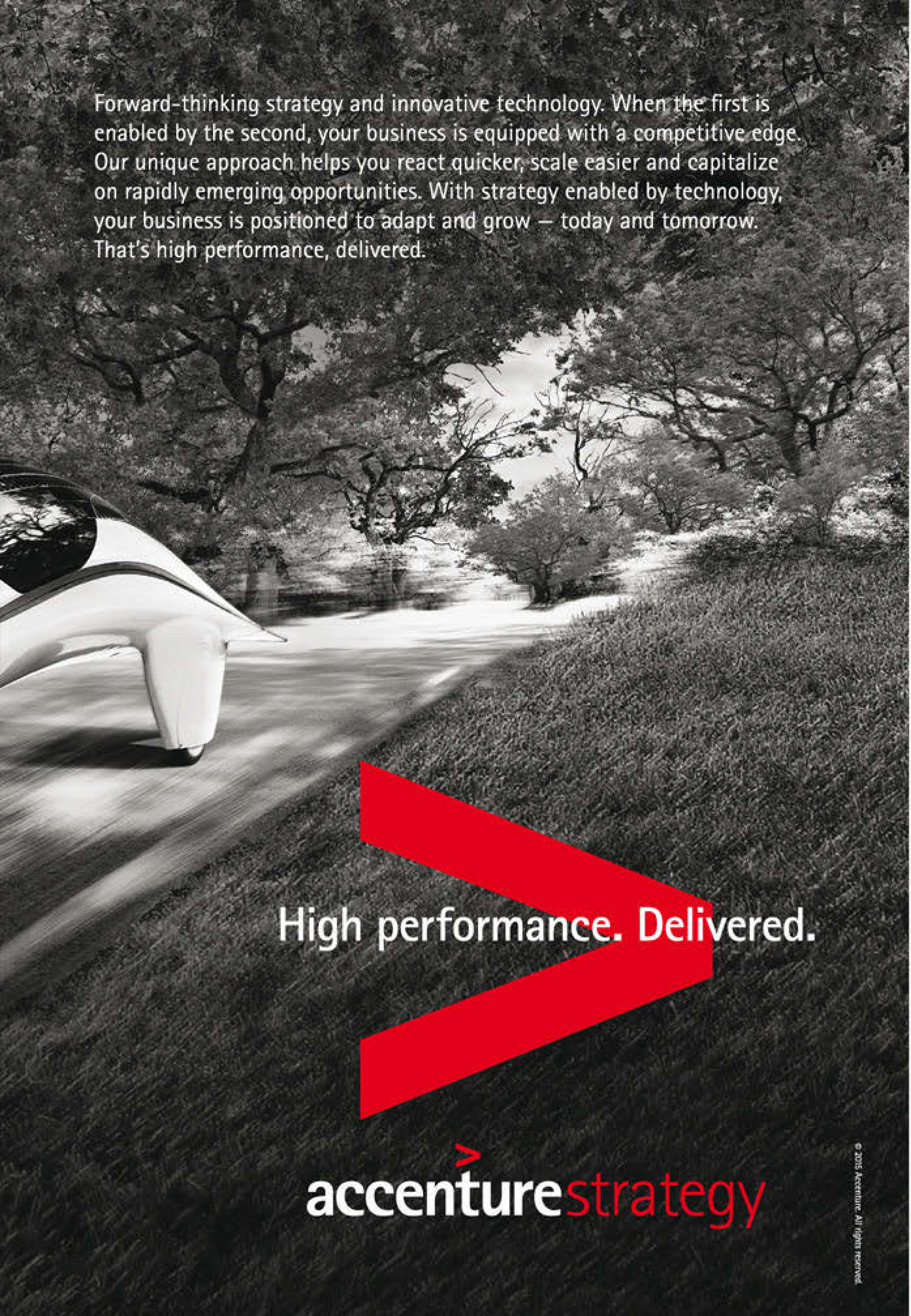
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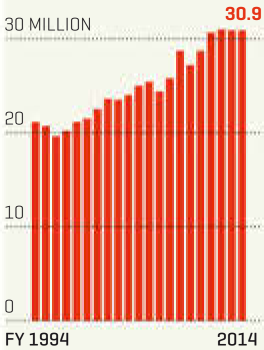
How to Pay for High-Speed Rail

Some private investors in Texas and Florida think they can make bullet trains profitable.

IF AMERICA IS going to bite the bullet on bullet trains, it can't depend on the federal government for much help. Since Amtrak was founded in 1970, the railroad and Congress have had a contentious relationship, with charges flying that the highly subsidized company is nothing but a money-losing boondoggle. With this kind of antipathy toward the program, funding for Amtrak has been flat at best (see chart below), which leaves few if any new funds available to build high-speed systems.

California plans to construct a high-speed system from Los Angeles to San Francisco, using private and state funds (including a proposal to use some of the state's carbon cap-and-trade revenue), plus some leftover federal stimulus dollars. Elsewhere, the private sector is stepping in. A proposed Dallas-to-Houston line promises 205 mph service in 2021 without a single dollar from taxpayers. Private money also backs a Miami-to-Orlando line, with service to begin in 2017. Do such projects make economic sense? Robert Puentes, a policy analyst at the Brookings Institution, says, "It's not clear. In California there's an expectation the train will be profitable because there's a big market for travel on that corridor. To make high-speed pay, private companies building such railroads will likely have to develop land around their train stations to make it work financially." That's a model that has worked well in Asia, so why not here?

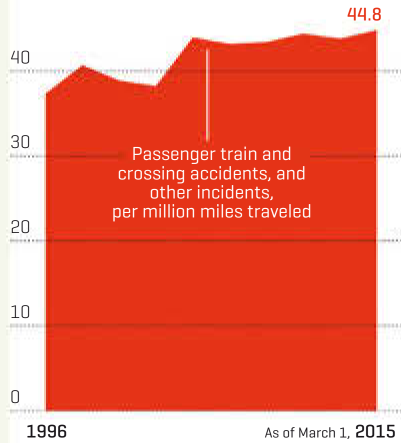
YEARLY AMTRAK RIDERSHIP



FEDERAL AMTRAK SUBSIDIES

TRAIN SAFETY GETS WORSE AS CONGRESS SQUABBLES

The Philadelphia Amtrak crash in May that killed eight and injured many more suggests that the nation is skimping on infrastructure spending, and train safety is one victim. Congressional Democrats charge that recent budget cuts have hurt safety. Republicans say that's absurd.



CALIFORNIA'S BOLD BID FOR HIGH-SPEED RAIL

California's high-speed-rail system, currently under construction, will link Los Angeles with San Francisco and make the 410-mile trek in under three hours with top speeds of more than 200 mph. (An artist's version of one is below.) The state eventually plans to extend the system to Sacramento and San Diego, totaling 800 miles with up to 24 stations.

COURTESY OF CALIFORNIA HIGH-SPEED RAIL AUTHORITY

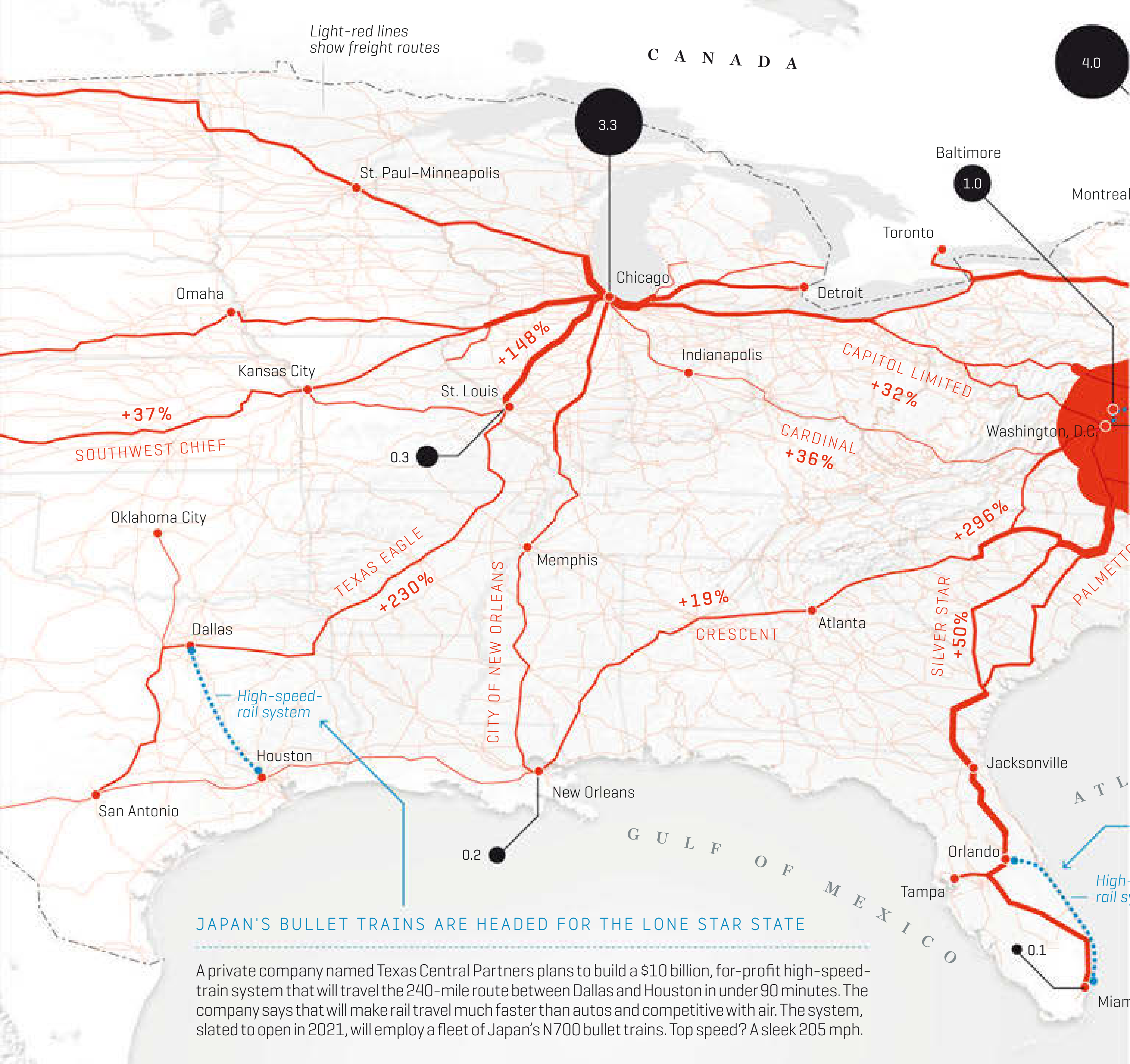
GRAPHIC SOURCES: FEDERAL RAILWAYS ADMINISTRATION; VERONIQUE DE RUGY AND RIZQI RACHMAT, MERCATUS CENTER AT GEORGE MASON UNIVERSITY

GRAPHICS BY NICOLAS RAPP

Where Bullet Trains Make the Most Sense in a Big Country

AMTRAK, with 21,300 miles of rail, covers most of the nation. High-speed trains, however, just wouldn't be able to compete with planes for long-distance travel. Expect instead to see them on heavily traveled urban corridors.

THE CHALLENGE WITH HIGH-SPEED RAIL is that America is a vast nation. Amtrak covers most of the country, last year moving 31 million passengers to more than 500 destinations in 46 states. Its long routes, however, such as from New York City to the West Coast can't compete with airlines either in terms of time or cost and are money losers. In fiscal 2014, the government-owned company suffered an operating loss of $227 million on $3.2 billion in revenues. By contrast, its busy Northeast corridor, where 11.4 million passengers traveled along the 456-mile route in 2014, posted an operating profit. The private companies moving into markets such as Florida and Texas see the sweet spot for high-speed rail to be trips of around 400 miles or less.

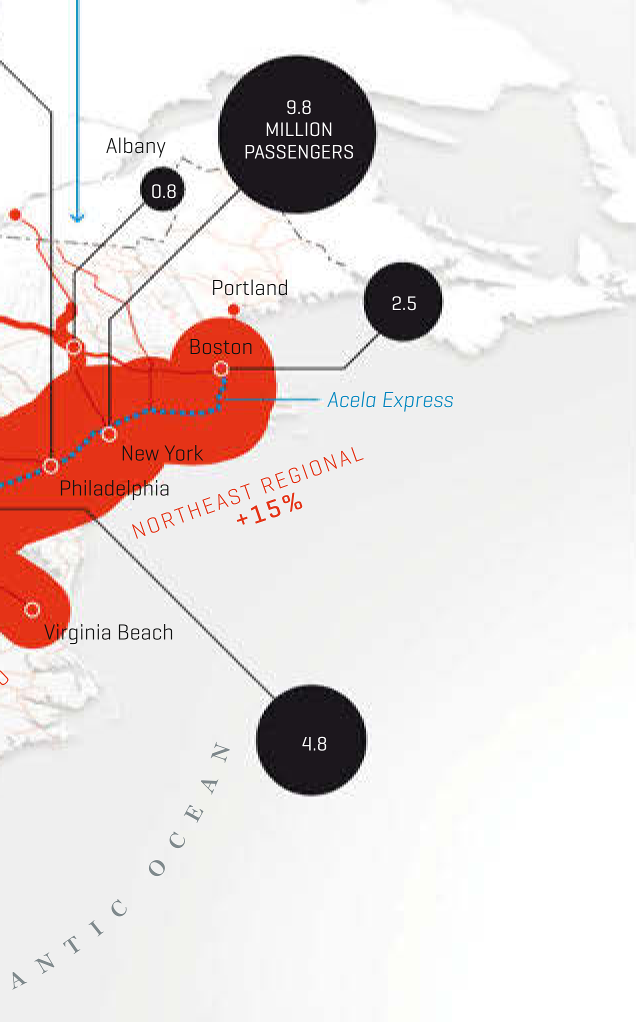


JAPAN'S BULLET TRAINS ARE HEADED FOR THE LONE STAR STATE

A private company named Texas Central Partners plans to build a $10 billion, for-profit high-speed-train system that will travel the 240-mile route between Dallas and Houston in under 90 minutes. The company says that will make rail travel much faster than autos and competitive with air. The system, slated to open in 2021, will employ a fleet of Japan's N700 bullet trains. Top speed? A sleek 205 mph.

AMTRAK'S ACELA WANTS TO BOOST ITS SPEED

Amtrak's Acela Express is America's fastest train, yet its average speed is only 68 mph on the trip between Boston and Washington, D.C. The train does hit 150 mph along a few stretches of straight track, but that hardly warrants the tag bullet train. One possibility for boosting speed would be to upgrade its lines and build a new track through central Connecticut to avoid the current curves along the coastline. Amtrak says three-hour service between Boston and D.C. could be possible. It would need to secure tricky rights of way for new tracks and billions in new federal funding—no easy task.



THE SUNSHINE STATE EMBRACES HIGH-SPEED RAIL

A Coral Gables, Fla., real estate and transportation company, FECI, has broken ground on All Aboard Florida, a $3 billion express passenger train that will run on the popular corridor between Miami and Orlando. Scheduled to roll in 2017, the train will travel the 235-mile route at an average speed of 81 mph. Its maximum speed: 125 mph.

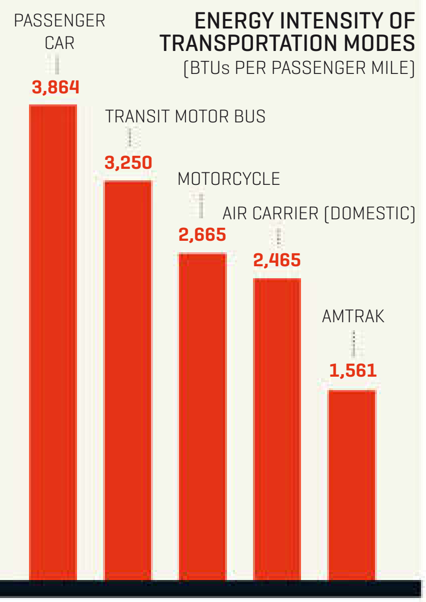
FEEDBACK: LETTERS@FORTUNE.COM

Green Transport

How do trains stack up environmentally to other modes of travel? Better than you might think.

YOU CAN TALK all you want about Teslas, but when it comes to overall energy efficiency, Amtrak beats other modes of transport hands down. According to the U.S. Department of Transportation, trains are dramatically more efficient per passenger mile than autos and air travel. And as a general rule, trains are also considerably more energy-efficient than buses, while emitting less damaging compounds into the air. Amtrak's electrified trains in the Northeast corridor are better fuel misers than its diesels and can feed energy captured from regenerative braking back to the electrical grid.

Traveling by train, however, is on the pricey side, costing on average 31¢ per passenger mile, compared with 13¢ for flying. But going by rail is a steal compared with driving the family sedan, which costs a whopping 61¢ a mile.



GRAPHIC SOURCE: DEPARTMENT OF TRANSPORTATION

Super-Fast Trains on a Roll Globally

From China to Japan to Europe, nations are investing billions in high-speed, high-tech trains.

OVER THE PAST decade or so, China has built the world's biggest high-speed-train network, with some 6,900 miles of track. Since the service was first launched in 2007, the number of passengers riding each day has risen from 237,000 to 2.5 million last year, making it the heaviest trafficked in the world. To give you an idea of the scale, China is investing more than $128 billion in domestic railway construction in 2015, compared with about $100 billion in 2014. China plans to add another 4,700 miles of passenger track this year alone. By comparison, the U.S. government invests $1.4 billion annually in Amtrak.

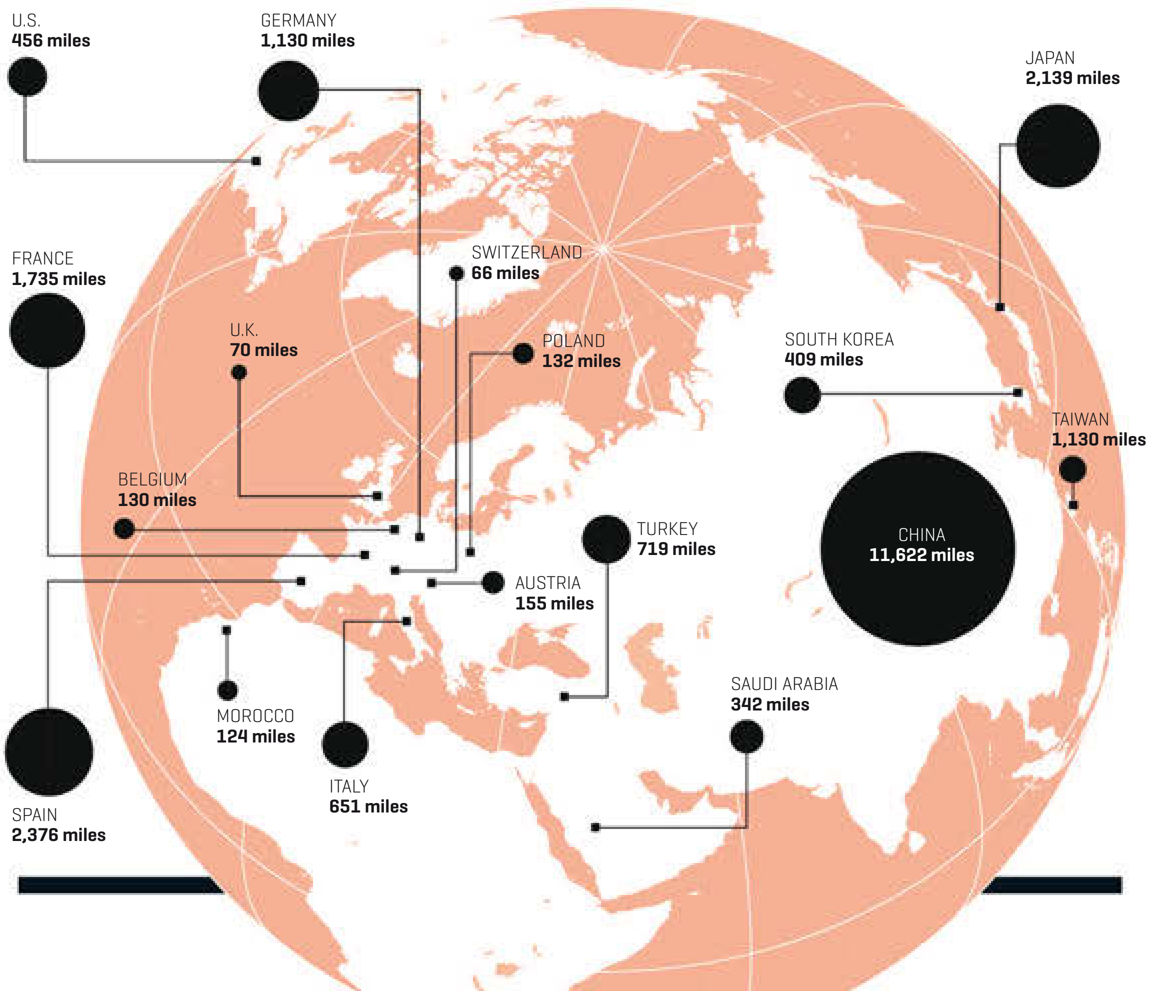
China is not alone in its high-speed push. Despite complaints from some lawmakers that Europe's high-speed train system is too expensive and too subsidized,

In April the Central Japan Railway's maglev train set a speed record when it hit 366 mph on a test track near Mount Fuji.

the continent is moving forward with a flourish. Poland introduced its first high-speed service between Warsaw and Kraków; Serbia plans a fast line from Belgrade to Budapest.

Proposed just this month: a new high-speed rail linking Asia to Europe.

MILES OF HIGH-SPEED LINES IN THE WORLD (EXISTING AND UNDER CONSTRUCTION)



MAGLEV PHOTO: KIYOSHI OTA—GETTY IMAGES; GRAPHIC SOURCES: UIC HIGH SPEED DEPARTMENT AND AMTRAK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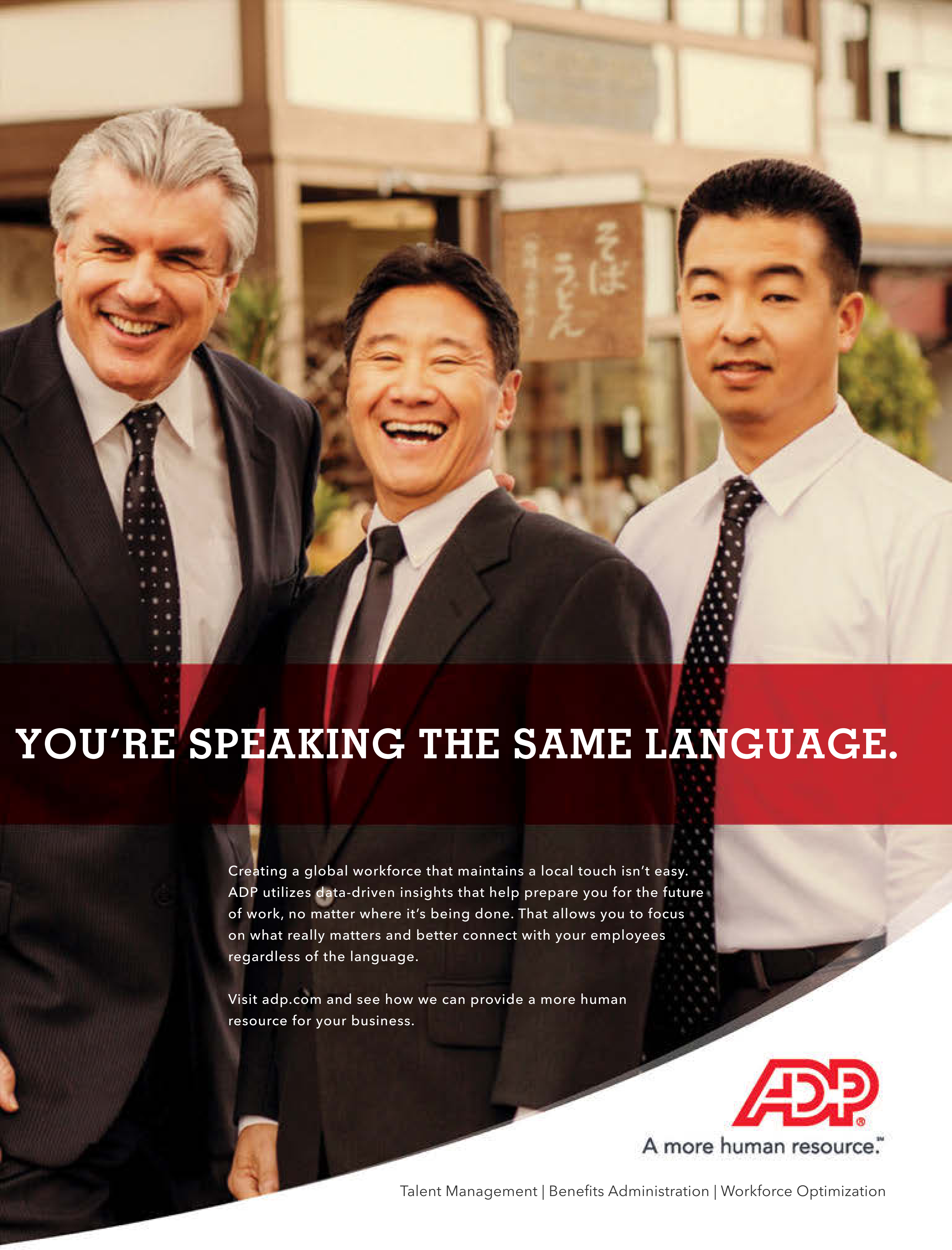
THERE'S A LAUGH, AND YOU REALIZE



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AN ENGINE MAKER'S HIGH-TECH MAKEOVER

2014 COMPANY PROFILE

REVENUES	$19.2 BILLION
PROFITS	$1.65 BILLION
EMPLOYEES	54,600
TOTAL RETURN TO SHAREHOLDERS (2004-2014 ANNUAL RATE)	23.1%

RANK

Indiana's **CUMMINS** has thrived as other U.S. industrial giants stumbled, thanks to farsighted bets on clean-air technology and overseas partnerships.

BY CLAY RISEN

Assembling diesel engines for Dodge Ram trucks at a plant near Cummins's headquarters

PHOTOGRAPHS BY RYAN DONNELL


LogiTrack
86
LogiTrack
FLOW RACK # 1

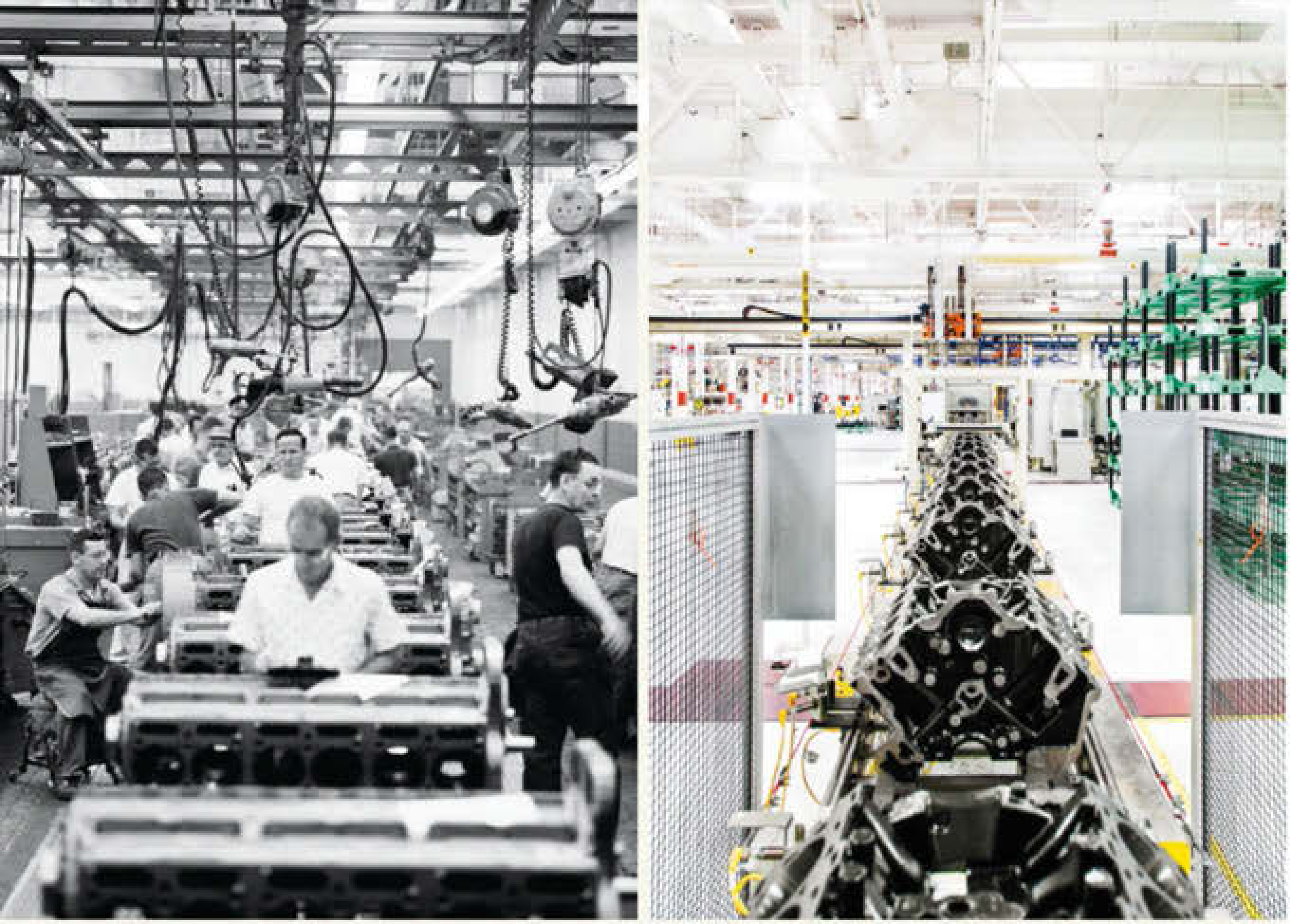
DRIVE ACROSS THE MIDWEST, and you'll see the same scene in town after town: shuttered factories, Main Streets full of empty storefronts, workforces hollowed out by the steep decline in the once-mighty American manufacturing sector. ¶ So you may find yourself doing a double-take when you get to Columbus, Ind., pop. 46,000, the home of Cummins, the country's leading diesel-engine manufacturer. You'll see a thriving downtown, weekend street fairs, and crowds flocking to trendy cafés and restaurants. With 17% of the local workforce employed directly by Cummins, Columbus is a one-business town—and business is good. The local economy is at 4.4% unemployment, compared with 5.8% for Indiana as a whole. ¶ "When I was growing up, my hometown of Anderson, an hour north of here, had 20,000 GM employees, and 30 years later it has none," says Jason Hester, executive director of the Columbus Economic Development Board. "Right now, in this community, if you want a job, you're hired." ¶ For that you can thank diesel engines—bulky, unglamorous machines that may make you think of battered pickups and lumbering semis, or maybe of Europe, where diesel passenger cars are the norm. And yet in an American economy driven by tech startups and high finance, Cummins has not only survived but thrived in heavy industry. Driven by global demand for its energy-efficient, low-emission engines, the company's sales have popped since the end of the Great Recession; revenues jumped from $10.8 billion in 2009 to $19.2 billion in 2014. It operates in 90 countries, with almost 50% of its 2014 sales coming from overseas. In the U.S. and many other markets, it's the company to beat in diesel. Says Larry De Maria, an analyst with William Blair: "Cummins arguably makes the best engines in the world."

Cummins first found success riding the postwar boom; it's one of only 57 companies that have appeared on the *Fortune* 500 every year since 1955. But more impressive is how the company has sustained that success in a tumultuous time for U.S. industry. When many manufacturers fled to cheaper overseas labor, Cummins took a more sophisticated tack, investing in its domestic workforce and facilities while establishing fifty-fifty joint ventures abroad. And when many automotive companies fought Washington on clean-air regulations, Cummins embraced them—and then used its mastery of clean-tech diesel to build a moat around itself. "We like things where the business is hard to do," says Rich Freeland, Cummins's president and chief operating officer. "Only a few people can get there, and we think we can."

That sort of confidence, along with a corporate culture that emphasizes investing in employees and their communities, has helped Cummins evolve into something truly unusual. It's a multinational, technology-driven, very contemporary company that retains some qualities of an Eisenhower-era, take-care-of-your-workers industrial giant—a business model so traditionally American that it now seems practically un-American. It's a combination that has Cummins poised to continue capitalizing on the growing global trucking industry, and one that could keep it firing on all cylinders for many years to come.

THOUGH YOU WOULD never confuse Cummins with Apple or HP, it, too, got its start in a garage. In 1919, Clessie Lyle Cummins, an auto mechanic and chauffeur in Columbus, persuaded his boss, a local banker named William G. Irwin, to invest in an exotic engine technology developed by the German engineer Rudolf Diesel.

At the time, few Americans had heard of diesel, and those who had heard of it figured the bulky design was best suited for generators and farm equipment. But Cummins saw the possibility of using it on the highway, and through the 1920s and '30s his eponymous company churned out increasingly powerful, sophisticated engines, with the goal of serving the burgeoning commercial trucking sector.



LEFT: EZRA STOLLER—ESTO

On the line, then and now: Cummins workers put the finishing touches on engines in a Columbus factory in 1962 (left); engine blocks destined for Nissan pickups await machining in that same factory today.

The advent of World War II and the postwar expansion of the highway system and the interstate trucking industry created an unquenchable demand for immensely powerful engines, and diesel was unmatched in that category. Under the leadership of Irwin's nephew, J. Irwin Miller, the company grew from $26 million in gross sales in 1944 to $1.26 billion in 1977—14-fold growth after adjusting for inflation.

If Clessie Cummins was responsible for creating the company, Miller deserves credit for making it a global powerhouse. He was an unlikely candidate for the role of industrial magnate: Born into wealth, he went to Yale and Oxford, where he played classical violin, rowed crew, and gravitated toward circles of architects and artists. Once in place at Cummins, though, Miller proved to be a natural executive. He understood the long-term potential of overseas growth, so even as Cummins made a mint on domestic trucking, it began to expand internationally. Miller opened Cummins's first overseas factory in 1956 in Scotland; six years later he formed a fifty-fifty joint venture to build heavy-duty engines in Pune, India—decades before most American firms dared invest in that country. In 1975, Miller was one of the first American executives to visit China after President Richard Nixon normalized relations.

Miller paid equal attention to the company's hometown. To attract top-flight engineering and management talent to rural Indiana, he had the corporate philanthropy, the Cummins Foundation, sink millions into local schools. And he offered to pay the architect's fees for any public building project that agreed to choose from a list of firms he provided; as a result, Columbus has one of the greatest concentrations of modern architecture in the country. I.M. Pei designed the public library. Eero Saarinen did a local church. Richard Meier designed a school; Robert A.M. Stern, a hospital. "It's a matter of enlightened self-interest," says Hester at the local economic development board. "Cummins can attract employees who but for these amenities would not come here."

Miller's public activism extended beyond Columbus, as Charles Rentschler, a former Cummins executive, documents in *The Cathedral Builder*, a new biography of Miller. In 1960 he became the first lay president of the National Council of Churches, and he used his business and religious ties to push Midwestern congressmen to support the Civil Rights Act of 1964. He was strongly pro-union and fought against Indiana's right-to-work law when it was first introduced. "I wouldn't know how to run a big company

without a strong union," he told a *Fortune* reporter in 1957. (Even today about 40% of Cummins's global workforce is unionized.)

Though Miller died in 2004, the company continues to reflect his philosophy of serving stakeholders beyond its shareholders—including customers, employees, and the community. In 2012, after the Columbus city council rejected a plan to provide universal curbside recycling, Cummins led a consortium of local firms to pay for the program's capital costs, including trucks and toters, a $500,000 commitment. "I meet other mayors who say I'm lucky to be mayor of Columbus," says Kristen Brown, a sixth-generation resident—and a daughter of a lifetime Cummins employee—who was elected in 2011. "They say, 'I'd love to have a Cummins.'"

MILLER'S LEGACY WAS put to the test in 1997, when the Environmental Protection Agency began investigating whether special shutoff switches in the company's engines could be used to disable emissions controls. They could, apparently to the surprise and dismay of Cummins engineers. The next year the EPA forced Cummins and several other manufacturers to agree to reprogram the devices and sign an $83.4 million consent decree, the highest civil penalty in environmental enforcement to date. The EPA then moved forward the deadline for new, lower-emission engines from 2004 to October 2002.

Some at Cummins wondered whether a company built on dirty, heavy-duty diesel could survive the EPA's order, says Freeland, the president and COO, who has been with the company since 1979. Cummins's leadership considered suing, but eventually cooler heads prevailed, and rather than fight the EPA, Cummins decided to work with it. "We said we'd double down, because we thought there was a way to be different," Freeland says. Cummins was, after all, the leader in diesel technology. If it could quickly meet the EPA's new standards, it stood to reap enormous benefits.

Under Theodore M. Solso, who was chairman and chief executive from 2000 to 2011 and is now chairman of General Motors, Cummins set out to become the first diesel company to hit the EPA targets. "The whole industry said there was no way anyone could meet it," Solso now recalls. But Solso made meeting the goal a centerpiece of a bigger internal revolution. In the early 2000s he implemented Six Sigma management systems and ended the wildly popular (but profit-reducing) practice of offering discounts on most sales. Above all, he poured money into research and development, traditionally a weak spot for diesel makers. From 2002 to 2007, Cummins boosted annual R&D spending by 60%, to $321 million, with almost a quarter dedicated to meeting future EPA engine standards. That emphasis yielded important new technologies, including advances in "deep spray" injection, a process that reduced engines' emissions without sacrificing efficiency by pushing fuel farther into the cylinder.

Cummins did indeed hit the EPA's standards first, and saw it pay off almost immediately. By 2010, Caterpillar and Detroit Diesel, its two largest domestic rivals, had bowed out of the on-highway heavy-duty diesel market, which Cummins now dominates with a 39% share. Annual revenues have more than tripled since 2002, when that EPA deadline kicked in, and experts within and outside the company say Cummins's early commitment to a low-emissions strategy will help it maintain its lead as regulations ratchet up over coming decades.

"The on- and off-highway emissions standards were the best thing that ever happened to Cummins," says Mike Brezonick, editor-in-chief of *Diesel Progress* magazine. "They make such better engines now. It was the equivalent of the Manhattan Project." The company also controls about 41% of the North American market for after-market components that lower emissions on other companies' engines, a huge new source of revenue. "You hear in the news that pollution controls are hurting jobs," says John Wall, the chief technology officer. "For us it's the exact opposite." Last year the components business brought in $5.1 billion, or a little over a quarter of total revenues.

Cummins continues to work closely with the EPA on the next generation of standards. Wall, coincidentally, had been meeting with agency officials the day before giving an interview to *Fortune*. "We'll take [regulators] through technologies being developed, explain how long it will take to get them to market," Wall says, hoping that the industry's needs are on their minds when the rules are finally written. That kind of cooperation has made Cummins a poster child for emissions controls; Solso and his successor, current CEO Tom Linebarger, have both stood beside President Obama as he announced rounds of clean-air standards.

CUMMINS'S CLEAN-ENGINE investments mesh in important ways with its other major strategic initiative of the past decade and a half: its rapid growth overseas. Under Solso the company opened

Your Cybersecurity IQ

4 Ways Your Company Could Be Vulnerable

1. THE INSIDERS = YOUR EMPLOYEES

Top 3 employee threats to security typically occur via:

- Unauthorized access to network (**63%**)
- Hijacking of accounts due to carelessness by employee (**61%**)
- Malicious insiders or disgruntled employees (**43%**)

2. BUSINESS PARTNER SECURITY LAPSES

Partners/affiliates/suppliers must adhere to your security standards and processes.

- **60%** of businesses fail to safeguard sensitive data among business partners
- **21%** of all businesses never hold security/planning meetings
- **45%** of senior execs take only a partial role in security matters

3. POORLY PROTECTED ENDPOINT DEVICES

Any computer or mobile device used by employees can be a gateway for hackers, even with antivirus software installed. Multilayered protections are necessary.

- **67%** of global organizations affected by mobile security breaches since 2014
- **38%** of IT pros report that technical controls aren't in place to enable secure use of BYODs
- **33%** do not have policy controls in place surrounding BYOD regardless of employee title

4. WELL-BUILT BUT NOT BATTLE TESTED

Companies are failing to conduct real-world, real-time testing of digital and physical security.

- **50%** of businesses run internal vulnerability scans (self-hosted) less than 1x/quarter
- **60%** of businesses run external vulnerability scans (third-party hosted) less than 1x/quarter
- Nearly **20%** of businesses never perform internal or external network penetration tests or physical tests

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SOURCES: State of the CIO 2015 by CIO magazine and Third Party Research Group, Trustwave Holdings, 2014 State of Risk Report

CEO J. Irwin Miller funded big civic architecture projects—including this Eero Saarinen–designed bank—to help Cummins lure talent to Columbus.

FRANK SCHERSCHEL—THE LIFE PICTURE COLLECTION/GETTY IMAGES

dozens of new foreign joint ventures and deepened its investments in East Asia and Latin America. By 2005, China and India alone were generating $1.9 billion in sales, almost 23% of Cummins's total. Today, of its 54,600 employees, 63% work outside the U.S., up from about 50% a decade ago.

As developing nations improve their own clean-air standards, Cummins's lead in meeting U.S. rules could leave it well positioned to take advantage. And its diversity, both in product lines and markets, has already bolstered Cummins enormously by severing it from the chains of cyclicality in the diesel-engine industry. During the downturn of the late 1990s and early 2000s, Cummins struggled and had unprofitable years, but it emerged from the Great Recession relatively unscathed, thanks to its broad exposure to the developing world.

THE BENEFITS OF global breadth were on display in Cummins's most recent quarterly earnings call. The company forecast big dropoffs in truck engine sales in China and Brazil, but it also said that U.S. demand would be more than strong enough to offset the declines, and investors shrugged off the news. Cummins stock is up 105% over the past five years, compared with 95% for the S&P 500, and it remains an analyst darling.

Cummins is far from the only U.S. manufacturer to have expanded overseas, of course. But unlike many big companies that fly solo, Cummins insists on splitting ownership fifty-fifty, and it stocks its overseas offices with local talent. Going half-and-half has allowed Cummins to get into tough markets, like China, that might resist a company that tried to force its own terms. And it means that Cummins gets a better sense of local conditions more quickly. China in particular is littered with the hulks of failed ventures by U.S. companies that didn't understand the territory. In 2013, for example, Caterpillar, one of Cummins's rivals, had to write down $580 million after it gobbled up a Chinese mining-equipment company, Siwei. Caterpillar said it had discovered, months after the deal closed, that Siwei's value had been inflated by "accounting misconduct" at the Chinese company.

As it expands globally, Cummins looks to local talent to boost not just its rank and file but also its management. Its leadership development program, an 18-month executive education program, trains 15 promising employees from other countries—including China, India, and Brazil—to become leaders either in their own countries or in other regions where Cummins operates. "It's part of our belief in building capability locally," Freeland says. "We're not there to extract value."

Developing local talent is also important because of the way Cummins tackles overseas product development. Instead of taking products made for the U.S. and tweaking them (or "de-contenting" them, in industry lingo) to fit local needs, the company approaches each region as a blank slate and develops engines and other products to match it. That's more expensive upfront, but it means a better and more profitable fit in the long run. It's also a running source of ideas and products that might find export markets of their own. For example, Cummins's ISF 2.8-liter engine was designed for the Chinese commercial truck market, where engines tend to be smaller and lower in power than in the U.S. and Europe. But it turns out that for the U.S. market, the ISF works perfectly in pickup trucks, and a version of it will soon be available in the Nissan Frontier.

Cummins also invests heavily in the overseas communities it enters, in projects that show how corporate citizenship and a strategy for the company's future can complement each other. Among its initiatives: an engineering college for women in India, which now enrolls about 1,800 students, many of whom the company hopes will help it meet its goal of a 50% female workforce in that country. Efforts like these follow the example that Irwin Miller set decades ago in Indiana, Wall says: "We take this model with us all around the world." Brezonick of *Diesel Progress* also sees a little bit of Columbus in the company's global investments. "When push comes to shove," he says, "they're a straight-shooting Indiana company." Albeit one with employees in Pune, Xiangyang, and São Paulo.


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INDRA NOOYI WAS RIGHT. NOW WHAT?

2014 COMPANY PROFILE	
REVENUES	$66.7 BILLION
PROFITS	$6.5 BILLION
EMPLOYEES	271,000
TOTAL RETURN TO SHAREHOLDERS (2004–2014 ANNUAL RATE)	8.9%

RANK

Years ago the **PEPSICO** CEO made an audacious strategy shift beyond unhealthy snacks and drinks. She was prescient—as well as disciplined and tough—but the challenges are still daunting.

BY JENNIFER REINGOLD

Nooyi inspects a Pepsi display at a Pete's Fresh Market in Chicago.

PHOTOGRAPHS BY **MARK PETERSON**


pepsi
DRAFT
CHICAGO'S
FIRST PICK
CATCH THE
2015 NFL DRAFT
pepsi
pepsi
NFL
pepsi 20
pepsi 20
pepsi
20 cans

INDRA NOOYI IS SMILING, but it's not a happy smile. "How many women shop here vs. men?" she asks, standing in front of a bulky stack of 32-packs of Aquafina water in the aisle of Pete's Fresh Market in Chicago. "More women," one member of the six-person entourage of Pepsi executives and employees accompanying the CEO and chairman of PepsiCo offers sheepishly. ¶ It's clear the question was rhetorical. Nooyi bends over, awkwardly lifts one of the 34-pound packages, and drops it with a dramatic thump. "Do they bring a guy to carry this out? Hello? *Hello?*" she says. "You need a forklift. Maybe because it's inexpensive [$3.99], people are going to go through the hell, but we should watch out." ¶ Watch out is right. This is no ceremonial CEO tour; Nooyi is here to work. In a whirlwind, daylong visit to Chicago to see retail and restaurant customers including Pete's Fresh Market, Jewel-Osco, Taco Bell, and 7-Eleven, the head of this $66.7 billion (revenues) global company repeatedly spots tiny imperfections. She then announces them to the nervous executives, and whips out her iPhone to photograph the infraction, later dispatching the evidence to the person responsible.

To wit: an empty slot in a drink case; two halves of a Pepsi logo that didn't align perfectly; stickers on a cooler door that impede the view of a logo inside; the fact that two brands of pretzels, Stacy's and Rold Gold, are placed next to each other despite being marketed to very different customers. And on and on.

The infractions might seem insignificant—one missing can of Pepsi on one shelf in one store in one city in one country—but for Nooyi it is this level of detail that sets her company apart. "We ought to keep pushing the boundaries to get to flawless execution," she declares. "Flawless is the ultimate goal."

As Nooyi, dressed in a fuchsia jacket, powers through the aisles, she's also plucking competitors' products to bring back to headquarters. She quickly hands them to PepsiCo's communications chief, Jon Banner, who scrambles to keep pace. By the time we leave one supermarket she has purchased nearly a shopping cart's worth of items that will be tasted, deconstructed, and evaluated by her team. As for those less-than-flawless moments? By the time the Pepsi jet lands back near the company's suburban New York offices later that night, she says "90%" will already have been dealt with. Or else.

You can't blame anyone at PepsiCo for feeling a sense of urgency—or embattlement—in recent years. Their staple products, soda pop and potato chips, are only slightly less demonized these days than cigarettes. Sales of carbonated soft drinks have dropped 14% over nine years, and Pepsi's market share has fallen too. The company has struggled just to keep its revenues and profits essentially frozen in place for four years.

But little by little, green shoots have been emerging. Last year PepsiCo delivered 4% organic revenue growth (the company's favorite non-GAAP metric, it removes the effects of acquisitions and currency fluctuations) for the second year in a row. PepsiCo insists this is the sign of a real comeback, and in 2015, the 50th anniversary of the marriage of Pepsi-Cola and Frito-Lay, there is reason for celebration. The company's once-moribund stock has regained some fizz. (Translation: It's been crushing the shares of rival Coke over the past three years, though not keeping up with the torrid S&P 500.)

For Indra Nooyi, now in her eighth year in the grueling crucible that is the leadership of one of America's most globally recognized brands, it just may be a moment to exhale. You could even call it vindication. From the start of her tenure she dared to acknowledge what was obvious to everyone outside the business but unutterable to those inside it: Junk food makes people fat and harms their health. Nooyi began emphasizing products that are at least a bit healthier than the traditional chips and soda—a pivot some observers thought could sink the company. Now shoppers are proving her right.

Nooyi hoists a 34-pound package of water—one of PepsiCo's brands—at Pete's as executives and employees observe.

> "The consumer has turned the definition [of 'healthy'] upside down," says Nooyi. "If it's non-GMO, natural, or organic, but high in sodium and high in sugar and fat, it's okay."

Except it's not that simple. Young consumers want healthier fare, but their definition of that turns out to be confounding and inconsistent. And plenty of people still flat-out love junk food. The company's highest-growing unit this past quarter was its global snacks division. That makes Nooyi's mission something like a riddle wrapped in a mystery inside an—well, you can understand the difficulty. It's easy enough to extol the benefits of Propel Electrolyte Water, which has no calories, but a little trickier to bask in the glory of that nourishing elixir when your best-performing big soda brand is Mountain Dew, a drink so sugary and acidic that it has spawned its own dental condition, "Mountain Dew mouth."

Nooyi, 59, isn't ready to declare victory, but more and more her strategy is looking like the right one in a tough situation, especially compared with Coke, which has suffered for its reliance on soda. Nooyi, only the fifth person to run PepsiCo and a dark-horse choice—a woman, a foreigner, a onetime strategy consultant—has outlasted all but one of her predecessors and, at least for now, a powerful shareholder activist. She seems refreshed and energized. But her challenges remain daunting. Can she lift PepsiCo from a success that requires qualifiers and explanation (*Better numbers than struggling Coke! Above-median performance in a weak category!*) to the pure, sugary rush of surging profits?

Starting to Catch Up?

PepsiCo's stock, left far behind that of rival Coke during Nooyi's tenure, has begun closing the gap over the past three years.

EVERY CEO VOWS to manage for the long term, a promise honored most often in its breach. Sure enough, Nooyi has the requisite high-minded slogan: "Performance with purpose." But unlike most corporate chieftains, Nooyi has actually pursued policies in line with those principles. In 2007, for example, Nooyi announced the company would cut water use by 20%, a target the company met three years early.

Nooyi's biggest initiative posed considerable risk to the company: She publicly acknowledged that PepsiCo needed to change if it wanted to keep its most avid consumers alive. In one speech she said the next generation may be the first to "live for a shorter span than its predecessor." In another she proclaimed that Pepsi must address "one of the world's biggest public health challenges, a challenge fundamentally linked to our industry: obesity." This was partly enlightened self-interest. PepsiCo's long-term profits would be fatter if its customers were slimmer. Still, it was a jarringly candid admission.

Nooyi reclassified her company's products into three categories: "fun for you" (such as potato chips and regular soda), "better for you" (diet or low-fat versions of snacks and sodas), and "good for you" (items such as oatmeal). She put money behind her proclamation, shifting resources from junk foods into the healthier alternatives and vowed to improve the healthiness of even the "fun" offerings.

Such lofty ambitions didn't play well among analysts, investors, and some co-workers. "She took the long view and was willing to take some heat," says Doug McMillon, CEO of Walmart, one of PepsiCo's biggest customers. "If you were just running Pepsi for a quarter, you probably wouldn't do what she did." The heat intensified when the financial crisis hit and results tumbled. Market share in the company's core business, carbonated soft drinks, fell almost two percentage points between 2006 and 2010, from 31.2% to 29.3%, according to *Beverage Digest*.

PepsiCo's stock lagged the S&P and Coke's shares. Many blamed the problems on Nooyi's cuts in advertising and marketing for sodas and chips, as well as the $7.8 billion she spent to buy back Pepsi's bottlers, which reduced the company's return on invested capital.

In February 2012, with the stock languishing at around $60, Nooyi adjusted her formula. She pledged to restore marketing spending on soda and chips, buy back stock, and cut costs by $3 billion over three years. "The buck stops with me," she said. Just prior to that, she replaced her head of beverages, whose rebranding of some major products had fallen flat, with Al Carey, the well-regarded head of Frito-Lay.

As if Nooyi wasn't facing enough pressure, she soon had to contend with a major activist investor: Nelson Peltz, who took a stake in the company and began agitating for PepsiCo to undo its merger of Pepsi and Frito-Lay, just as Kraft had spun off Mondelez after a similar campaign by Peltz.

It was a distraction, to say the least. "To be honest, we don't need activists to tell us what to do," Nooyi says. She managed to largely fend Peltz off with a compromise: Earlier this year the two sides agreed on a "neutral" nominee to the board, former Heinz CEO Bill Johnson, an adviser to Peltz's Trian Partners. Says Steve Reinemund, Nooyi's predecessor as CEO: "She proved again that the strategy was right and tenaciously articulated it."

Peltz's campaign did impel PepsiCo to action. Says analyst Ali Dibadj of Sanford Bernstein: "There are a lot of things you can give her credit for from a strategic perspective, but I'm not sure the execution would have happened without the pressure from activists."

One example was Nooyi's reemphasis on marketing. At its core, a consumer products company is nearly as much about name recognition and image as it is about product. To boost PepsiCo's brand awareness, Nooyi in 2012 hired Mauro Porcini, the head of design at 3M, as chief design officer. "A brand is like a person, like a celebrity," says the Italian-born Porcini, resplendent in a flowered suit jacket and pointy slippers. "It needs to have a point of view."

Under Porcini, design has become an integral part of product development and marketing. Today there are angular Pepsi "Axl" bottles, for example, created at the company's funky Design & Innovation Center in Manhattan's SoHo. Pepsi hosted a "Kola House" at Milan's Design

GRAPHIC SOURCE: FACTSET RESEARCH SYSTEMS

Week, a concept that it is now selling to other companies. It is peddling high-end clothes with Pepsi influences, and it is attempting to rebrand even its commodity products, such as Lay's chips, as cool.

Then there's the Spire, the iPhone-inspired rethink of the soda fountain machine. Pepsi was not first in this market—Coke was—but its latest version is beautiful, a simple white or black frame with a touch screen that offers as many as 1,000 flavor combinations. Unlike Coke's version, which requires that restaurants buy additional new equipment, Pepsi's is more about form than function, replacing what the customer sees but not requiring an expensive upgrade. The Spire, say executives, helped entice hot restaurant chain Buffalo Wild Wings to switch from Coke to Pepsi in 2013.

Another shift was the move to integrate the two sides of PepsiCo—drinks and snacks—more closely. "Snacks and beverages are bought together about half the time," says CFO Hugh Johnston. "That's a huge advantage for us." Once virtually two separate companies with distinct management and cultures (Frito-Lay is based in Plano, Texas; Pepsi Americas Beverages, in Purchase, N.Y.), they're now coordinating much of their marketing strategy. Says Rodney McMullen, Kroger's CEO: "You don't develop a snack plan or a beverage plan; you develop a promotion with all the Pepsi brands."

PepsiCo has worked hard to improve its relationships with the giant chains that sell most of its products. Says 7-Eleven CEO Joe DePinto: "Our relationship has moved from somewhat transactional to one that has become highly collaborative." The common ground began in 2011, when 7-Eleven suggested a few new Gatorade flavors based on its research. Pepsi agreed to produce Cool Blue Cherry Gatorade exclusively for the chain for six months; it sold 250,000 cases and became the top-selling flavor. Last year 7-Eleven had exclusive access to a thematically aligned pairing of snack and drink: Doritos Loaded and Mountain Dew Solar Flare. Likewise, a collaboration with Taco Bell in 2012—the Doritos Locos Taco—became the biggest product launch in Taco Bell's history, with more than $1 billion in sales. Taco Bell is working with other PepsiCo brands, including Quaker's Cap'n Crunch, to create Cap'n Crunch Delight doughnut holes.

Do consumers still crave things like Cap'n Crunch doughnut holes from Taco Bell? Some do—but suddenly a lot don't. Nooyi predicted this, of course, but changing tastes are roiling traditional food and beverage companies.

PepsiCo's chief scientific officer, Mehmood Khan, is looking to develop hit products—and healthier versions of old ones. Mountain Dew Kickstart is a version of the sugary high-caffeine soda with fruit juice in it.

UNDER THE WATCHFUL gaze of chief scientific officer Dr. Mehmood Khan, I am sipping and snacking my way through the company's newest offerings, developed inside Pepsi's R&D department. Under Nooyi, R&D funding has doubled, and I'm sampling the results. In a conference room next to the company's test kitchen, I taste—okay, inhale—such treats as a customizable Gatorade pod, tested by the Brazilian national soccer team, that mixes with water and delivers the proper electrolyte balance for your body's needs; Naked Juice Kale Blazer, for green-juice devotees; Mountain Dew Kickstart, a fruit-flavored, lower-calorie drink; and Deep Ridged, a thick, super-crunchy potato chip developed first on a 3-D printer. "We have patents on the design, the cutter, the mouth experience," says Khan. "This is multiple layers of IP."

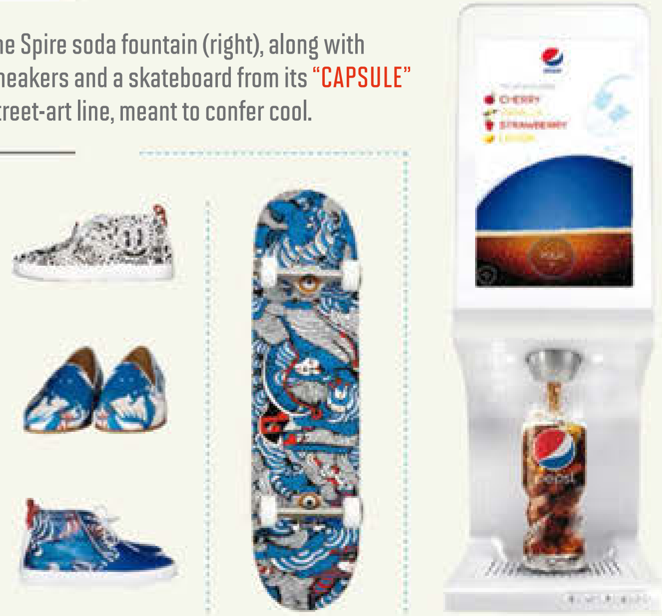
The science sounds impressive (as does the intellectual-property strategy). Yet the approach seems discordant in an era in which people crave fresh foods and artificial anything is under attack. Khan, a former endocrinologist specializing in diabetes, has been working hard on two primary goals: Invent hit products, and help make PepsiCo's existing offerings healthier. Says beverage chief Carey: "I've told my team I want 90% of everything in development to have some improved health benefit."

Healthier products continue to gain traction as millennials reject processed foods in favor of fresher fare. In the past five years, according to Credit Suisse analyst Robert Moskow, the top 25 food and beverage companies have lost $18 billion worth of market share—a stunning number. (See "The War on Big Food" at Fortune.com.)

The speed of change has accelerated so quickly that Target CEO Brian Cornell, who used to work at PepsiCo, informed many packaged-goods suppliers in May that his company will spend less promoting their products. "The consumer trends are moving at a

Design, Pepsi-Style

The Spire soda fountain (right), along with sneakers and a skateboard from its "CAPSULE" street-art line, meant to confer cool.



pace that I've never seen in my 30 years in the business, toward more natural and more real ingredients," he says. "That's happening everywhere."

The most obvious shift is the turn away from sodas. The good news: PepsiCo's diversification into products like yogurt means that soft drinks account for less than 25% of its sales. The bad news: PepsiCo is weaker in some categories, such as energy drinks, that are growing. Moreover, the definition of "healthy" is ever harder to pin down. "We've never seen the consumer as confused as they are today," Nooyi said on a recent earnings call.

Case in point: Orange juice consumption has plummeted as consumers reject its high sugar; that has hurt PepsiCo's Tropicana brand. Meanwhile Diet Pepsi has declined because people are also worried about sugar substitutes, in this case aspartame (the company announced in April it will stop using the sweetener). What *hasn't* fallen as much? Mountain Dew, which is, yes, full of sugar and holds steady among young men. And sales of the company's new cane-sugar cola rose an estimated 50% last year.

So while Nooyi was right to anticipate the health trend, her fun/better/good distinction may no longer make sense. For example, the company once viewed Diet Pepsi as "better for you"; few would agree with that opinion today. Nooyi herself was astounded by a recent encounter with a $9 bag of fried kale chips, which she called a "fat bomb." "The consumer has turned the definition [of healthy] upside down," she says. "If it is non-GMO, natural, or organic, but high in sodium and high in sugar and fat, it's okay."

These changing tastes are why Nooyi has largely abandoned her old categories and is increasingly emphasizing "corridors": fruit and vegetables, protein, and carbohydrates. That's a solid organizing principle—but it's not a strategy.

For all of Nooyi's moves to provide healthier products, most of PepsiCo's profits still come from junk food—36% from Frito-Lay North America alone in 2014. "The thought process was that the 'fun for you' business would be the most challenged," says analyst John Faucher of J.P. Morgan. "And that isn't how it's turned out."

The company has made progress when it comes to making unhealthy products less so, removing some 400,000 tons of sugar from its drinks since 2006, and reducing the salt and saturated fat in Lay's and Ruffles chips. There are also many healthier offerings, such as Quaker Real Medleys, premixed oatmeals that have less sugar and more fruits, nuts, and whole grains than prior incarnations.

Inventing a game-changing new product—one big enough to offset the decline in soda—has proved more difficult. Even though 9% of sales now come from offerings developed in the past two years, up from 7% in 2012, most are line extensions, such as Doritos Roulette, a bag of chips in which one of five is super-spicy. A few, however, are showing promise, particularly Kickstart, which hit $300 million in sales in its second year, apparently without cannibalizing Mountain Dew, now the No. 4 soda brand. Still, it's hard to escape this conundrum: People want food with fewer substances in it. It's hard to imagine that the words "Designed with a 3-D printer! All IP protected!" will attract today's shoppers.

NOOYI MAY NOT have been able to control the shift in the marketplace, but she's gone a long way toward shifting Pepsi's culture. Once a decentralized place where local managers operated without much central interference, the company is now much less so—something that has made it much leaner but also much more top-down. That makes sense, because Nooyi is a top-down kind of executive. "The top needs to know all the pieces," she says. "And the top better really get into the details. [Otherwise] you won't know what questions to ask. You won't understand these people when they come to you and say it's too hard to do something."

Nooyi is a notoriously demanding boss,

COURTESY OF PEPSICO

though she notes, and others concur, "I wouldn't ask anyone to do anything I wouldn't do myself." Perhaps because she began her career as a strategy consultant, Nooyi is very good at asking questions. She understands, deeply, the broader implications of every decision. But her passion for information, say several former executives, also sometimes slows major decisions, such as the development of Spire, which entered the market years after Coke's Freestyle. "There are clear signs of analysis paralysis at that company," says Bernstein's Dibadj.

Nooyi is sophisticated, witty, warm, and loyal—she has called in top-tier doctors when an employee had a health crisis. She writes laudatory letters to the parents of executives who enjoy a big success or promotion. She champions women's issues and isn't afraid to talk about her kids, tell an off-color joke, or enjoy a sugary snack. (Speaking of which, were her daughters, now adults, allowed to drink Coke? "Absolutely, positively no," Nooyi says. "And they wouldn't pick it. They have great taste.") Yet she can also be brusque and cutting, particularly with her direct reports. "Things are never, ever good enough," says one former executive. "We used to call it the kick and the hug."

Perhaps because Pepsi is known as a talent factory—or perhaps because Nooyi is so tough to work for—there has been significant executive turnover during her tenure. Virtually everyone once considered a potential successor has left the company. A few recent examples include Cornell, who came in from Sam's Club to run the American food business and left less than two years later for Target; John Compton, the former president, who left in 2012 for a short stint running Pilot Flying J but didn't return when it didn't work out; and Zein Abdalla, his replacement, who retired abruptly in December. Other rising stars have left, such as Debra Crew, now at R.J. Reynolds Tobacco; Dawn Hudson, CMO of the NFL; and Eric Foss, now CEO of Aramark. "The people that like her are yes people," says the head of one of the few remaining independent Pepsi bottlers. "It's a culture of sycophants. It's a shame, because she's so smart." (Responds PepsiCo communications chief Banner: "Indra has assembled a team of strong-willed, proven executives. Our culture encourages candid conversation and debate among the entire leadership team.")

Nooyi is a notoriously demanding boss, though she notes, and others concur, "I wouldn't ask anyone to do anything I wouldn't do myself."

Nooyi dismisses the notion of an executive exodus. "There are two kinds of people who have left," she says. "One, those who get genuinely great jobs. Then there are other people who bubble up to the top, but the board doesn't believe are [qualified to be CEO in the future]. I don't believe we've lost anybody in PepsiCo who left for any other reason." She also makes a point of showing me recent text messages from several departed senior executives as proof that her relationships with them endure. "Brian [Cornell] will send me an email every other week," she says. "John [Compton] will send pictures. This is his daughter."

It's true that Pepsi's talent development process is hugely admired. Carey, the U.S. beverage chief, travels with a leather-bound notebook in which he lists his top 100 executives and the next job each may be suited for. Nooyi leads 2½-day retreats every few months with 14 of the company's high-potential executives. Each gets 35 minutes to talk about himself or herself. At the end Nooyi writes personal letters to the parents and spouses of each.

But the very top slot is more complicated. Nooyi and the board are encouraging anyone who moves into the top category to have experience in both beverages and snacks, and ideally a global assignment as well. This makes sense, yet few potential candidates fulfill all of the requirements. For example, CFO Johnston, the contender most often cited these days, has never worked overseas.

Director Daniel Vasella says PepsiCo hasn't announced potential successors on purpose. "I don't believe it's smart for any company to designate a quasi-successor," he says, "because that person often does not get the support anymore from others." Adds Vasella: "We are in a situation where I have no inkling that Indra is thinking about leaving, and the board certainly wants her to stay for several more years."

Indeed, Nooyi seems to be enjoying herself lately, which suggests she won't go anywhere soon. She doesn't turn 65 for another five-plus years. Still, Nooyi is prominent enough to be the subject of rumors she might be interested in a political post of some kind if Hillary Clinton is elected President in 2016. But that's still more than a year and a half away, and Nooyi's job is far from done. Says a CEO for a giant corporate customer of PepsiCo: "Can she and can the company make that pivot? Can it also continue to defend and nurture the current portfolio? That will be the ultimate final chapter." Whatever happens, it's a chapter Nooyi intends to write herself.

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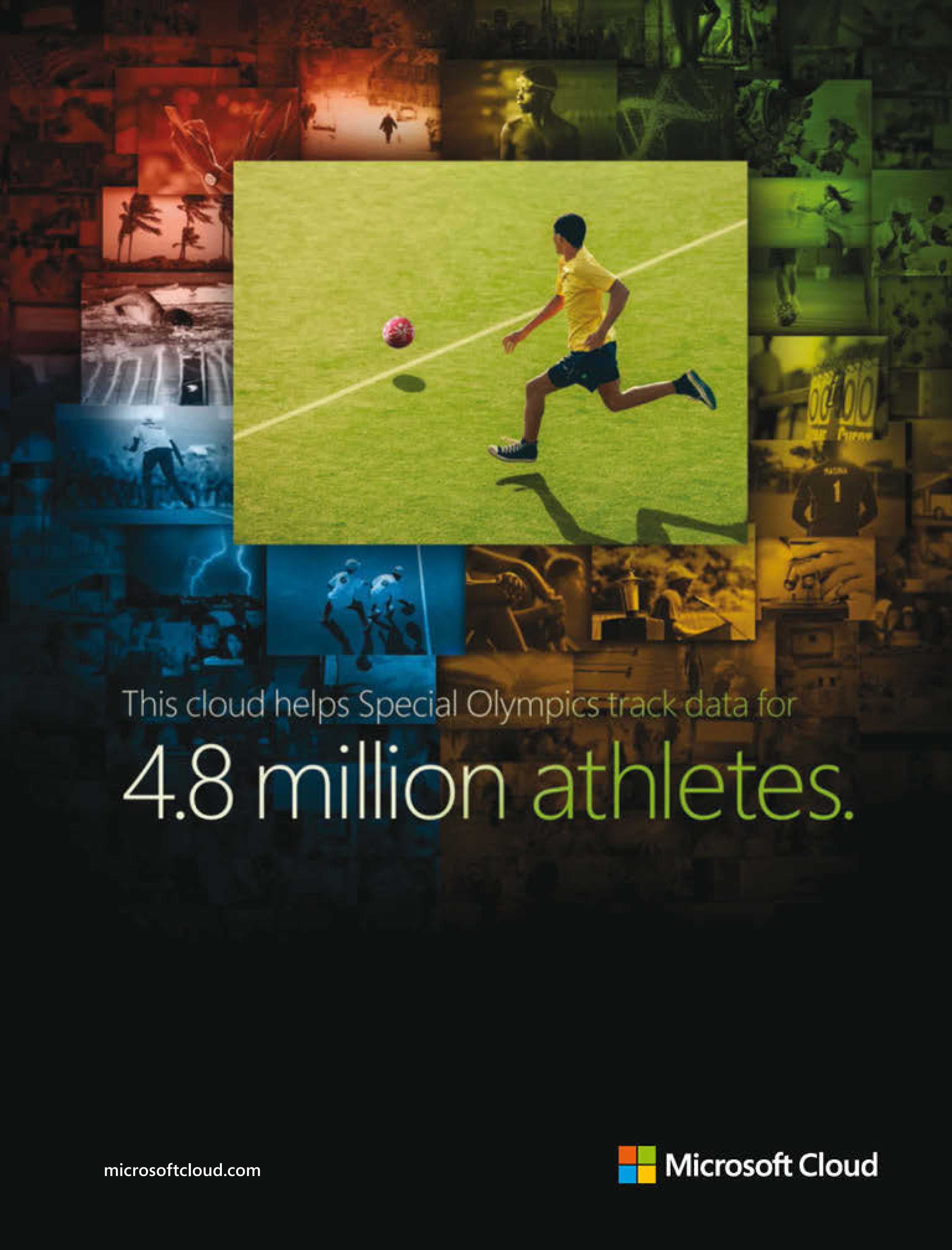
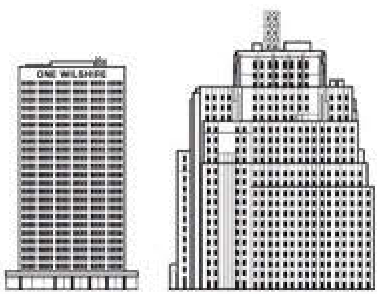

This cloud helps Special Olympics track data for
4.8 million athletes.
microsoftcloud.com
Microsoft Cloud

Guardians of the Digital Galaxy

THE IXP LANDSCAPE BY THE NUMBERS

WORLDWIDE FACILITIES	U.S. FACILITIES	COUNTRIES WITHOUT IXPs	COST TO BUILD
446	82	87	$20,000 TO $40,000

OPEN THE FOLDOUT TO READ MORE



Everything you know about the Internet is wrong. Virtual? Try physical. "The cloud"? Try the ground. Our beloved information superhighway has very real exits. Behold the "CARRIER HOTEL."

ONE WILSHIRE (ABOVE LEFT) AND 60 HUDSON STARTED AS TELEPHONE AND TELEGRAPH HUBS. NOW THEY'RE CENTRAL TO THE INTERNET.

YOU'VE GOT TO ADMIT, the concept of "the cloud" is one heck of a marketing coup. Somehow technology companies got the world to think that the Internet is as ubiquitous and fleeting as patterns of water vapor in the sky. But the Internet is far from gossamer—it's a jumble of copper cables and server stacks wrapped in the windowless walls of hulking urban structures. There are indeed interchanges on our infobahn, and they're called Internet exchange points, or IXPs—or colloquially, "carrier hotels." They are ultra-secure buildings that serve as nodes on a network that spans continents. They help connect Internet service providers to one another. They are the real "cloud." Here's a look at six of the world's largest. —*Andrew Nusca*

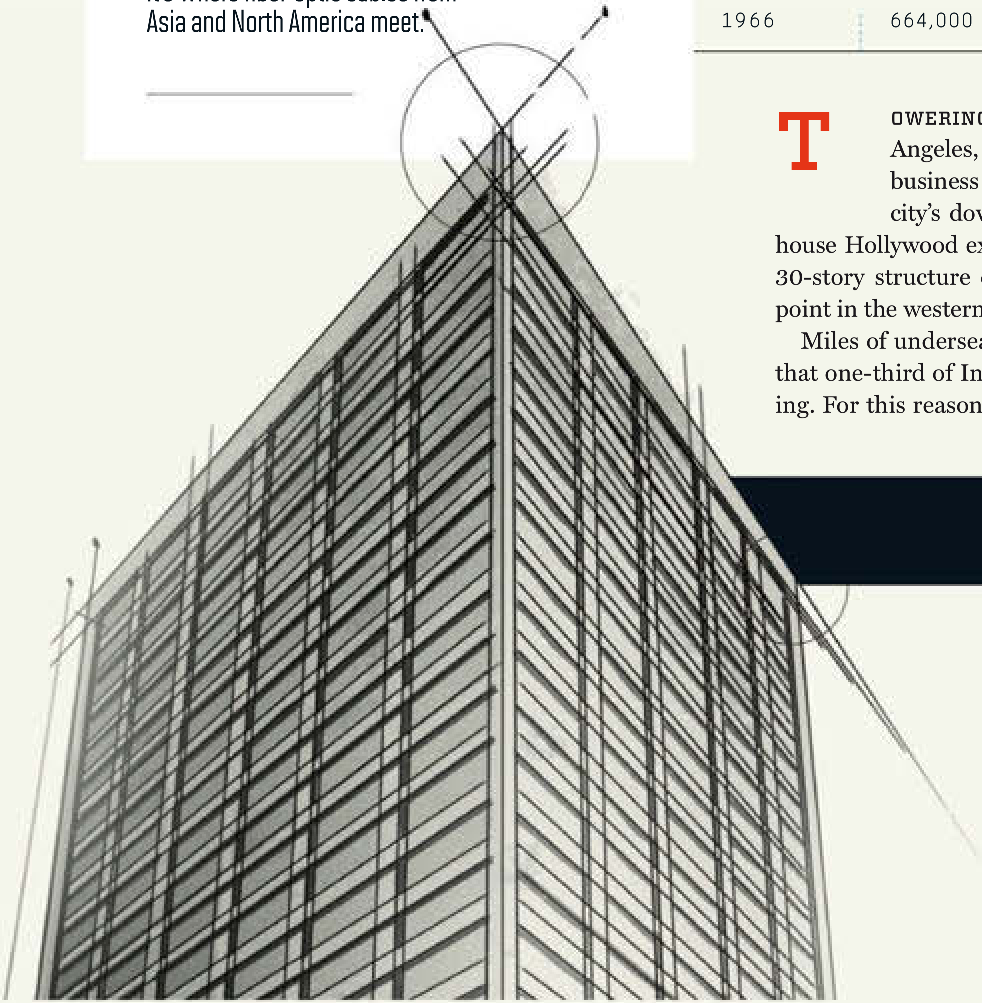
ILLUSTRATION BY MARTÍN LAKSMAN

WEST COAST : LOS ANGELES

One Wilshire Boulevard

Sandwiched between bourbon bars and boutique hotels, this unassuming high-rise in downtown L.A. is a hotspot for telecom firms. Why? Because it's where fiber-optic cables from Asia and North America meet.

ILLUSTRATIONS BY ERIC SCOTT PFEIFFER



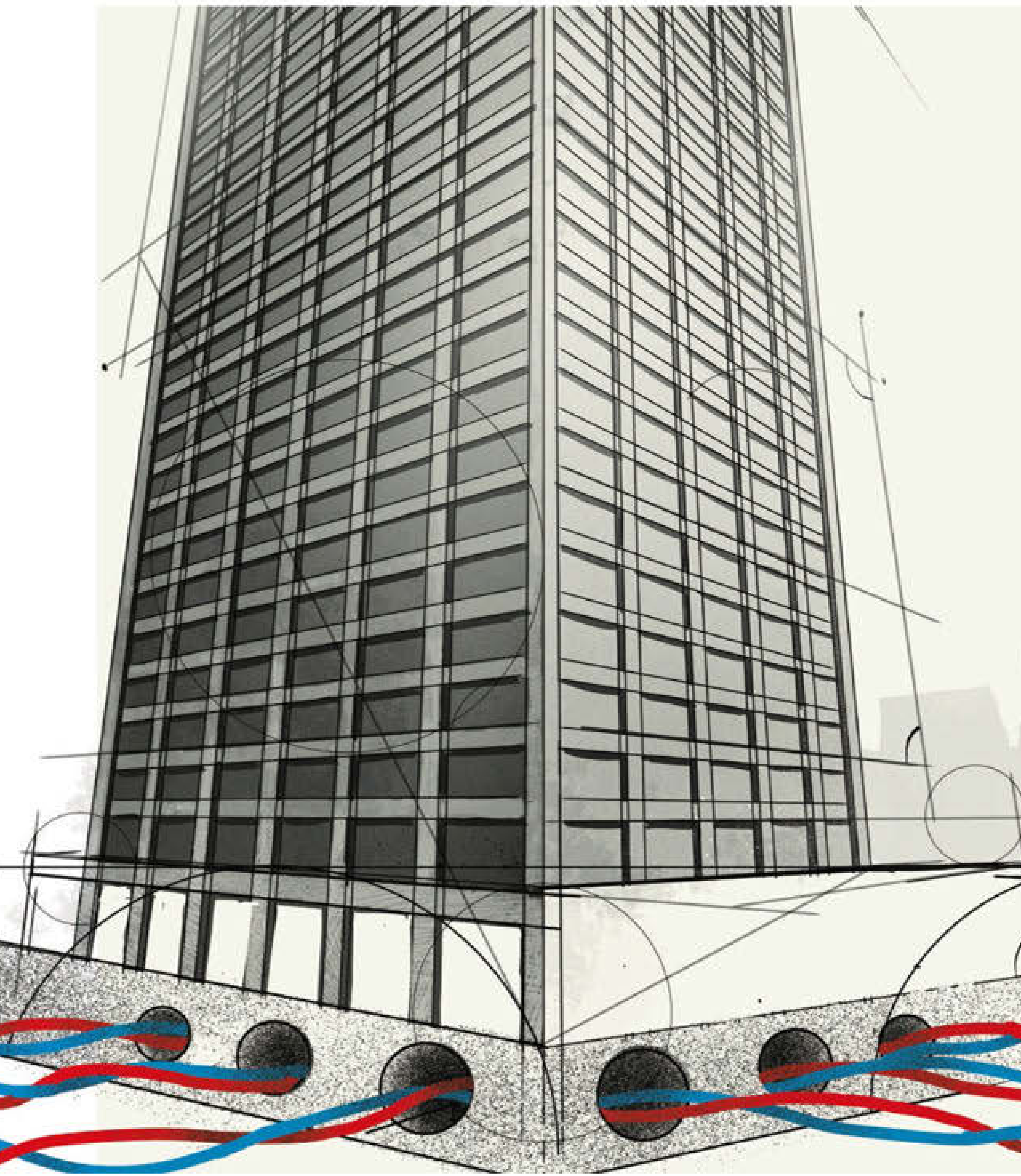
BY THE NUMBERS

BUILT	SIZE	STORIES	TENANTS
1966	664,000 SQUARE FEET	30	300-PLUS

TOWERING. MASSIVE. IMMENSE. In a city as low and sprawling as Los Angeles, you can't miss the skyscrapers that stud the city's bustling business district, especially as you drive along the freeway toward the city's downtown district. It's easy to assume that these tall buildings house Hollywood executives or California bankers. Many do. But one of them, a 30-story structure called One Wilshire, is the most highly connected Internet point in the western U.S.

Miles of undersea cables link the Pacific Rim to One Wilshire. It is estimated that one-third of Internet traffic from the U.S. to Asia passes through the building. For this reason scores of service providers, online content distributors, and carriers call One Wilshire home. Verizon, AT&T, Amazon Web Services, and Netflix have all set up shop in the structure. Its biggest tenant is CoreSite, a national data center and collocation provider, which leases its space to more than 300 companies.

At the heart of the building is the Meet Me Room, a sort of neutral ground for the building's tenants to interconnect. It's in this room, which contains rows upon rows of cabinets like lockers lining a high school hallway, that CoreSite's data-center operators manage the flow of traffic throughout the facility. If one of the companies in the building wants to connect with another, CoreSite staff in the Meet Me Room ensure that a handshake takes place and traffic gets swapped. If One Wilshire is a carrier hotel, the Meet Me Room is its lobby.



One Wilshire was erected in 1966 as a standard office building. The 664,000-square-foot structure served the role for many years, but as traditional corporate tenants moved out in the early 1990s, telecommunications companies moved in, attracted by its proximity to AT&T's switching center two blocks down the road. At the time, such infrastructure was nascent, and telecom companies congregated in single locations. As the Internet boomed, so did One Wilshire, and the facility eventually became the de facto connection point for Southern California and beyond. How important is it? Consider: In 2013 it sold for nearly half a billion dollars and the highest price per foot ever paid for a downtown L.A. office building.

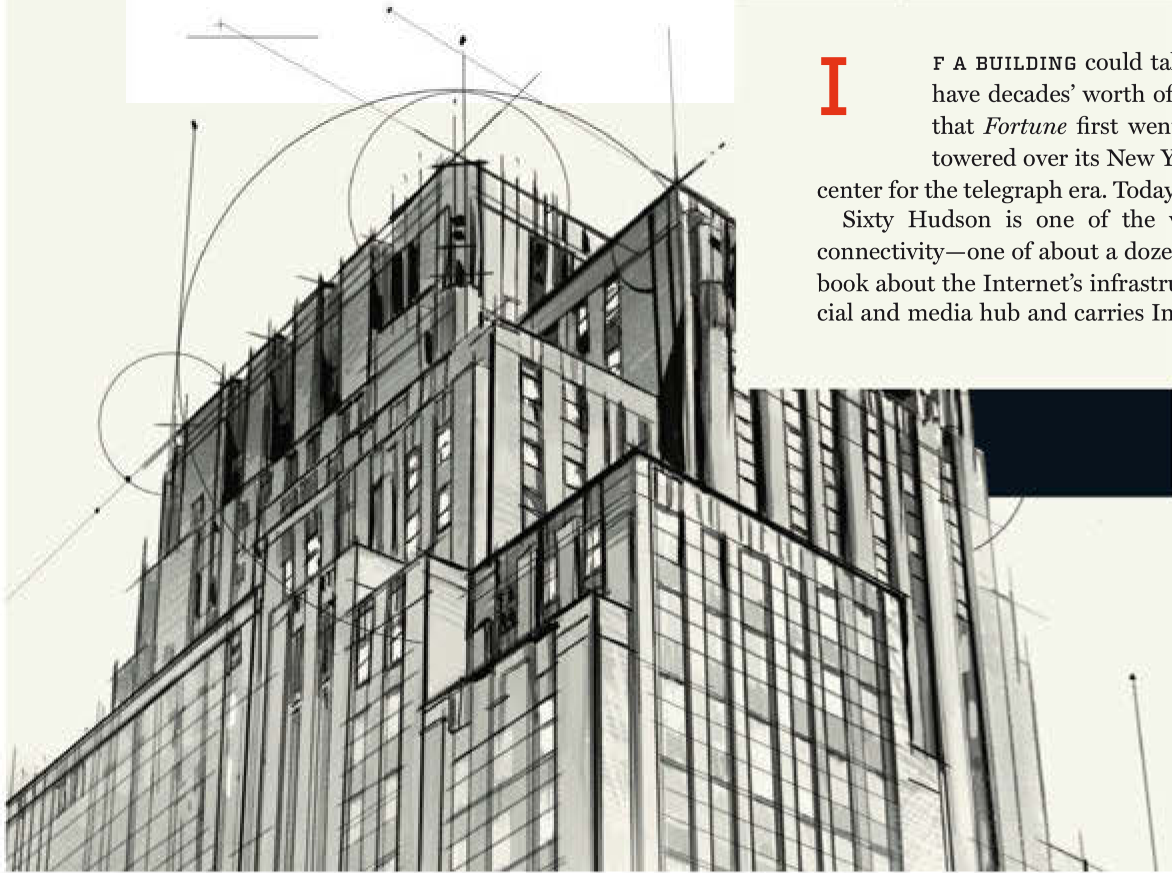
Given Los Angeles' reputation for earthquakes, there remains concern that a natural disaster could strike One Wilshire. If that happens, tenants would funnel Internet traffic to other facilities in the region, as far away as Arizona or Nevada. Down, but not out: The modern Internet lives on to fight another day. *—Jonathan Vanian*

60 Hudson Street

It was built in the wake of the 1929 stock market crash as one of the most advanced telecommunications hubs in the world. Eighty-five years later it's making neighbors of nations at the speed of light.

BY THE NUMBERS

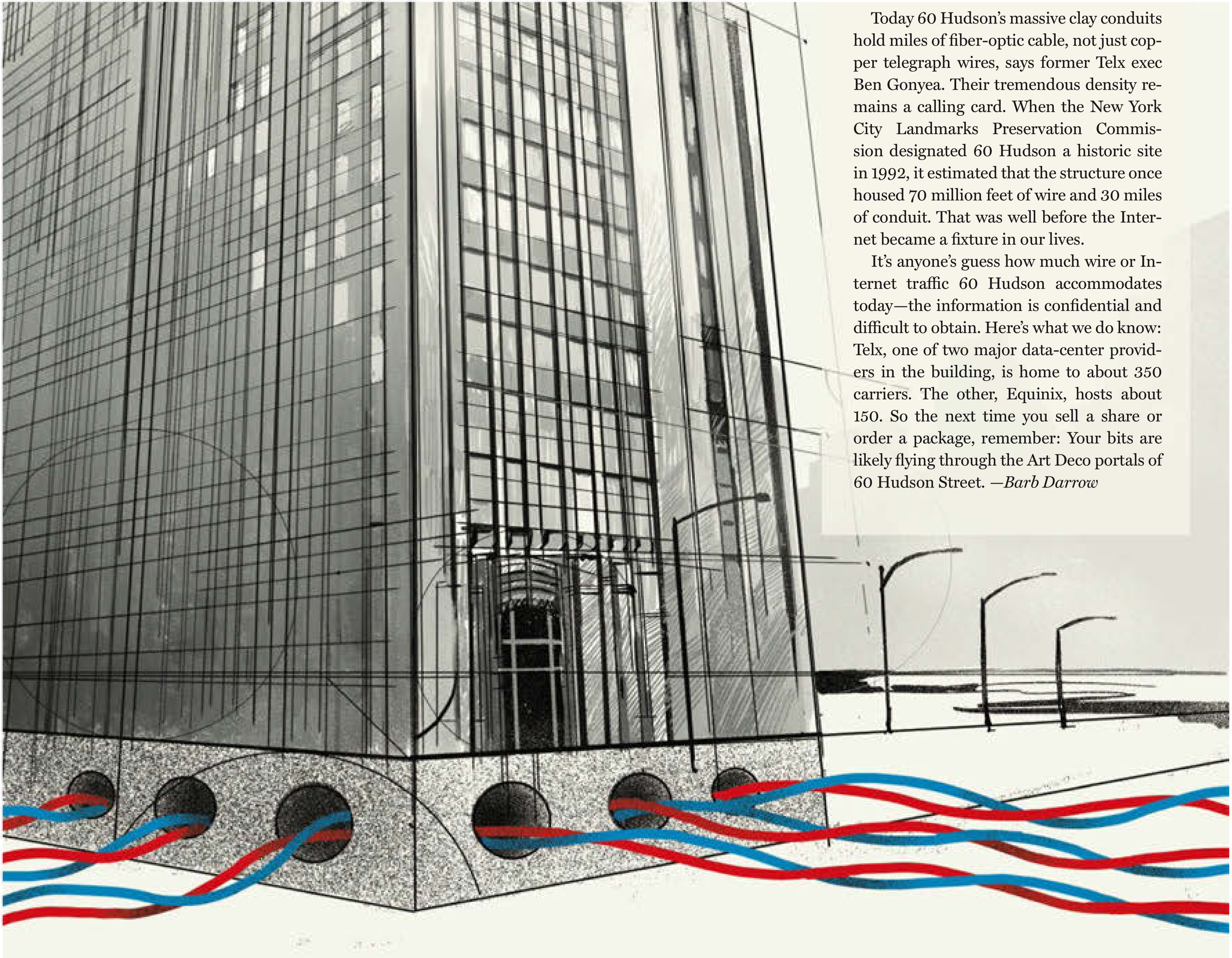
BUILT	SIZE	STORIES	TENANTS
1930	1.8 MILLION SQUARE FEET	24	400-PLUS



IF A BUILDING could talk, 60 Hudson Street in lower Manhattan would have decades' worth of tales to tell. Completed in 1930—the same year that *Fortune* first went to press—the former Western Union Building towered over its New York City neighborhood. It was built to be a nerve center for the telegraph era. Today it's a nexus for the Information Age.

Sixty Hudson is one of the world's most important buildings for Internet connectivity—one of about a dozen, according to Andrew Blum, author of *Tubes*, a book about the Internet's infrastructure. It sits on the doorstep of America's financial and media hub and carries Internet traffic from the rest of the world to North America. Its Art Deco lobby and massive brown-and-red-brick façade, which zigzags back from the street and up 24 floors, are enduring symbols of its historic role as a first stop for transatlantic cable traffic.

Proximity to the major population centers of the U.S. was a key reason 60 Hudson was built where it stands today, less than a mile from the New York Stock Exchange. In a time of split-second financial transactions, on-demand movie streaming, and anywhere Internet, the building's coveted location—paradoxically—remains critical. "This building is important more than just to New York," says Jonathan Hjembo, an analyst for research firm TeleGeography. "It has key interconnections to Europe and to Latin America."



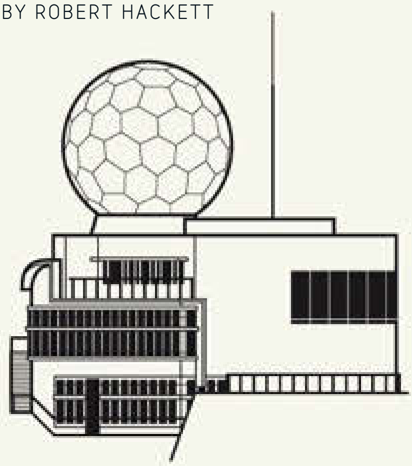
Today 60 Hudson's massive clay conduits hold miles of fiber-optic cable, not just copper telegraph wires, says former Telx exec Ben Gonyea. Their tremendous density remains a calling card. When the New York City Landmarks Preservation Commission designated 60 Hudson a historic site in 1992, it estimated that the structure once housed 70 million feet of wire and 30 miles of conduit. That was well before the Internet became a fixture in our lives.

It's anyone's guess how much wire or Internet traffic 60 Hudson accommodates today—the information is confidential and difficult to obtain. Here's what we do know: Telx, one of two major data-center providers in the building, is home to about 350 carriers. The other, Equinix, hosts about 150. So the next time you sell a share or order a package, remember: Your bits are likely flying through the Art Deco portals of 60 Hudson Street. *—Barb Darrow*

International Internet Hubs

North America isn't the only game in town. Here are four key facilities on other continents.

BY ROBERT HACKETT



HONG KONG INTERNET EXCHANGE (HKIX)

ASIA

LOCATED AT THE CHINESE UNIVERSITY OF HONG KONG

THE HONG KONG Internet eXchange is different from other exchanges in that its main purpose isn't to link out to the wider world. (Unsurprising for a city administered by China, though HKIX is spared from its Great Firewall.) Instead, the facility is meant to serve as a booster for the city's own internal connectivity. In fact, the whole point of the operation—better termed an intranet exchange—is to prevent traffic from having to route internationally (as in through the U.S., which dominates global Internet infrastructure like no other country). Call it a defensive play: While hiding out in the city in 2013, former National Security Agency contractor and whistleblower Edward Snowden told the *South China Morning Post* that Chinese University, where HKIX is located, was a prime hacking target for the notorious U.S. spy agency: "We hack network backbones—like huge Internet routers, basically—that give us access to the communications of hundreds of thousands of computers without having to hack every single

FEEDBACK: LETTERS@FORTUNE.COM

AMSTERDAM INTERNET EXCHANGE (AMS-IX)

EUROPE

The Venice of the North has long been an important center for commerce and trade. The same holds today, electronically. Geographically situated between a number of important digital destinations—Frankfurt, London, Paris—the Amsterdam Internet Exchange serves as one of the biggest traffic routers in the world, channeling roughly 700,000 terabytes a month. Deloitte estimates that the digital infrastructure of the Netherlands added up to 19,000 jobs to the Dutch economy in 2013. AMS-IX is not quite the modern digital equivalent of the Dutch East India Co., but it is an incredibly important nexus in the global fabric of the Internet.

DE-CIX FRANKFURT

EUROPE

This German Internet exchange is a well-placed way station in the world's data-coursing nervous system. According to TeleGeography, DE-CIX Frankfurt—the flagship in a family that includes facilities in New York, Istanbul, and Dubai—is the No. 1 Internet traffic hub on the continent. During peak traffic times, the exchange can move data at a rate equivalent to processing 4 billion emails per second. While Germans reacted with outrage to revelations concerning the extent of the NSA's surveillance in their country, their indignation was checked when they learned that the BND, a German spy agency, had tapped the wires at DE-CIX.

PTT METRO SÃO PAULO

SOUTH AMERICA

This Brazilian facility is the biggest and most trafficked Internet exchange in all of Latin America. Nearly 600 networks [including Facebook and Google] have taken up residence in the exchange—as many as the company's 24 other facilities combined. Because so many transatlantic submarine cables land ashore along Brazil's gigantic, meandering coastline, the country has quickly become a telecommunications hotspot. The nation has pushed aggressively to expand its digital infrastructure and rely less on the U.S. and its well-known tech giants, especially after learning that it was the second-most-snooped-upon by the NSA—after the U.S., of course.

MARTÍN LAKSMAN

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GONE ARE THE DAYS when outsourcing simply meant hiring cheap offshore labor. Over the last several years, companies have realized that paying more for quality work and building long-term partnerships yields better results than outsourcing to the lowest bidder. "Companies aren't trying to look for someone to come in and take over, and do it faster and cheaper," says Michael Corbett, founder and chairman of the International Association of Outsourcing Professionals (IAOP), an organization that counts 120,000 outsourcing companies and individuals as members and affiliates. "Outsourcing is now part of a company's fundamental strategy."

This change in mind-set has helped the outsourcing sector grow from a $70 billion business in 2004 to a $104 billion business today, according to Statista. It's also not just a manufacturing-focused industry anymore. Companies can outsource nearly everything, from food services and housing logistics to software development and employee relocation assistance. Executives have also realized that it's better to work with a company that specializes in a particular area, so that they can focus on their own company's core competencies, says Corbett.

Finding Flexibility

As price points have evolved, so too have company expectations. Today's executives want their outsourcing partners to offer flexibility. That could mean quickly adding or reducing staff, instantly jumping on a new project, finding short-term cost savings, and more. Companies want partners that can quickly adapt to our constantly changing world, says Corbett. "How many companies were on top, only to suddenly play catch-up because they fell behind in technological innovation?" he asks. "Companies need flexibility and the ability to refocus relationships so they can stay ahead."

More than just flexibility, though, companies are looking for partners that can evolve with a business and help it grow long-term. That's one of the biggest changes that Jeff Gravenhorst has seen in the outsourcing industry. The group CEO of ISS World Services, a Copenhagen, Denmark–based outsourcing company that specializes in facility services, says companies don't just want people to clean a floor or make a meal anymore. They want to work with someone who can help

Blanca Trevino, IAOP Hall of Fame inductee and CEO of Softtek travels 46 to 48 weeks a year to countries where they have operations.

them retain clients and create culture. "When it comes to food, it's not just about getting something to fill your stomach," he says. "Now we create a restaurant where people can socialize, and that helps retain and attract staff."

With 510,000 employees, ISS World Services is one of the largest and oldest outsourcing operations on the planet. Over the years, the 114-year-old company has learned that when a company asks for a clean floor, it doesn't just want a clean floor. "It wants it to be clean for a *reason*," says Gravenhorst. Take shopping, for instance: Research shows that the cleaner the mall floor, the more customers are likely to spend. "It's about creating an environment that can help our client increase revenues," he says. "We're not just there to make the floor clean."

Best at Business

As an increasing number of CEOs realize how outsourcing can add value to a company, outsourcing companies need to ensure that their own operations are running smoothly. An outsourcing provider "must be a good business in its own right," says Corbett. That means having a good leadership team, strong management,

(Continued on page S6)

IAOP GLOBAL OUTSOURCING 100

Company	Web Address	Size Judging Group	Size & Growth	Delivery Excellence	Programs for Innovation	CSR
ACCELYA	w3.accelya.com	*Leader*		⯪	★	
ACCENTURE	accenture.com	*Leader*	★	★	★	★
AEGIS	aegisglobal.com	*Leader*				★
AGS HEALTH PRIVATE LIMITED	agshealth.com	*Rising Star*				
AJUBA INTERNATIONAL	ajubanet.net	*Rising Star*		⯪		
ALORICA	alorica.com	*Leader*				
ALTISOURCE	altisource.com	*Leader*	⯪	⯪	⯪	
AON HEWITT	aonhewitt.com	*Leader*	★		★	★
ARTEZIO	artezio.com	*Rising Star*				
ASIAINFO TECHNOLOGIES (NANJING)	asiainfo.com	*Leader*				
AURIGA	auriga.com	*Rising Star*				★
BANNER MANAGED COMMUNICATION	banner-managedcommunication.com	*Leader*				⯪
BLEUM	bleum.com	*Rising Star*				
BROOKFIELD GRS	brookfieldgrs.com	*Leader*			⯪	
CANON BUSINESS PROCESS SERVICES	cbps.canon.com	*Leader*		★	★	★
CBRE	cbre.com	*Leader*	★	★	★	★
CGI	cgi.com	*Leader*	★			★
CIENET	cienet.com	*Leader*		★		
CLUTCH GROUP	clutchgroup.com	*Rising Star*				
COLLIERS INTERNATIONAL	colliers.com	*Leader*	★	★	★	⯪
COMPETENCE CALL CENTER	yourccc.com	*Leader*				
CONCENTRIX	concentrix.com	*Leader*	★		⯪	
CYBAGE SOFTWARE	cybage.com	*Leader*		⯪		
DATAMATICS GLOBAL SERVICES	datamatics.com	*Leader*		★		
DDD	digitaldividedata.org	*Rising Star*				⯪
DIEBOLD INTEGRATED SERVICES®	diebold.com/integratedservices.com	*Leader*	⯪			⯪
DONLEN	donlen.com	*Leader*				
DTZ (FORMERLY CASSIDY TURLEY)	dtz.com	*Leader*	★	⯪	⯪	
ELEKS	eleks.com	*Rising Star*		⯪		⯪
EMERIO GLOBESOFT	emeriocorp.com	*Leader*		⯪		
EXL	exlservice.com	*Leader*	⯪	★	⯪	
FIRSTSOURCE	firstsource.com	*Leader*	⯪		⯪	
FPT SOFTWARE COMPANY LIMITED	fpt-software.com	*Leader*		⯪		
FUSION BPO SERVICES	fusionbposervices.com	*Rising Star*				
GRUPO ASSA	grupoassa.com	*Leader*				
GRUPO PROMINENTE	grupoprominente.com	*Rising Star*				
HARBINGER SYSTEMS	harbinger-systems.com	*Rising Star*			⯪	
HCL TECHNOLOGIES LIMITED	hcltech.com	*Leader*	★		★	★
HGS	teamhgs.com	*Leader*	★		⯪	
HP ENTERPRISE SERVICES	hp.com	*Leader*	★		⯪	★
IBA GROUP	ibagroupit.com	*Leader*		⯪	★	
INDECOMM GLOBAL SERVICES	indecomm.net	*Leader*				
INSIGMA	insigmaus.com - insigma.com.cn	*Leader*		⯪		⯪
INSPUR	inspur.com	*Leader*	★			
INTEGREON	integreon.com	*Leader*			⯪	
INTETICS	intetics.com	*Rising Star*		★		
ISOFTSTONE	isoftstone.com/en	*Leader*			⯪	
ISS	issworld.com	*Leader*	★	★	★	★
ISS ART	issart.com/en	*Rising Star*				
ITC INFOTECH	itcinfotech.com	*Leader*		★		★

KEY: ★ Full Star: Highest Rated ⯪ Half Star: Distinguished Leaders Judging Group: (larger, more established firms) Rising Stars Judging Group (smaller, emerging companies)

IAOP GLOBAL OUTSOURCING 100

Company	Web Address	Size Judging Group	Size & Growth	Delivery Excellence	Programs for Innovation	CSR
ITRANSITION	itransition.com	Rising Star		½★	½★	
JOHNSON CONTROLS GLOBAL WORKPLACE SOL	johnsoncontrols.com/gws	Leader	½★	★		★
JONES LANG LASALLE	jll.com	Leader	★	★	★	★
KELLY OUTSOURCING AND CONSULTING GRP	kellyocg.com	Leader	½★	★	★	½★
KNOAH SOLUTIONS	knoah.com	Rising Star				
L&T INFOTECH	Lntinfotech.com	Leader	½★	½★	★	★
LEASEPLAN USA	us.leaseplan.com	Leader	½★			½★
LEGALBASE	legalbaselaw.com	Rising Star				
LUXOFT	luxoft.com	Leader		★		
MAYKOR	maykor.com/en	Leader	½★	★	★	½★
MERA	merasws.com	Leader		½★		
MINACS GROUP	minacs.com	Leader				
MINDTREE	mindtree.com	Leader		★		½★
MIRATECH	miratechgroup.com	Rising Star			½★	
MOTIF	motifinc.com	Rising Star				½★
NEORIS	neoris.com	Leader			½★	
NEWMARK GRUBB KNIGHT FRANK	ngkf.com	Leader	★		½★	
NIIT TECHNOLOGIES	niit-tech.com	Leader				
ORANGE BUSINESS SERVICES	orange-business.com	Leader	½★		½★	★
OXAGILE	oxagile.com	Rising Star				
PACTERA	pactera.com	Leader	½★	★	½★	★
QUATRRO	quatrro.com	Leader		½★		½★
RESOURCE PRO	resourcepro.com	Rising Star				
RR DONNELLEY GLOBAL OUTSOURCING	outsourcing.rrd.com	Leader				★
SERVICENGINEBPO	sebpo.com	Rising Star				
SITEL OPERATING CORPORATION	sitel.com	Leader	★	½★		½★
SOFTENGI	softengi.com	Rising Star		½★		
SOFTJOURN	softjourn.com	Rising Star			½★	½★
SOFTSERVE	softserveinc.com	Leader				½★
SPI GLOBAL	spi-global.com	Leader		½★		
STEFANINI	stefanini.com	Leader	★			½★
SUTHERLAND GLOBAL SERVICES	sutherlandglobal.com	Leader	★			
SWISS POST SOLUTIONS	swisspostsolutions.com	Leader	½★	½★		½★
SYKES ENTERPRISES	sykes.com	Leader	★	½★		
SYNTEL	syntelinc.com	Leader	½★			
TATA COMMUNICATIONS TRANSFORMATION SVC	tatacommunications-ts.com	Leader		½★		
TEAM INTERNATIONAL SERVICES	teaminternational.com	Rising Star			½★	½★
TECH MAHINDRA BUSINESS SERVICES GROUP	techmahindra.com	Leader	★			★
TELEPERFORMANCE	teleperformance.com	Leader	★		½★	★
TELETECH	teletech.com	Leader	½★			½★
TGESTIONA	tgestiona.com.pe	Leader		★	½★	
TIVIT	tivit.com.br	Leader	½★	★		
TOWERS WATSON	towerswatson.com	Leader	★		½★	
TRANSCOSMOS	trans-cosmos.co.jp/english	Leader	½★			
TRIGENT SOFTWARE	trigent.com	Rising Star		½★		
VADS BUSINESS PROCESS SDN. BHD.	vads.com	Leader				
VIRTUSA CORPORATION	virtusa.com	Leader				★
WICRESOFT	wicresoft.com	Leader			★	½★
WNS GLOBAL SERVICES PRIVATE LIMITED	wns.com	Leader	½★	½★	½★	
XCHANGING	xchanging.com	Leader			½★	★

IAOP WORLD'S BEST OUTSOURCING ADVISORS

Company	Web Address	Size & Growth	Delivery Excellence	Programs for Innovation
ALSBRIDGE	www.alsbridge.com	★	½	★
AVASANT	www.avasant.com	½	★	
BAKER & MCKENZIE	www.bakermckenzie.com	★		
BIRD & BIRD	www.twobirds.com	½		
DELOITTE	www.deloitte.com/us	★	½	★
ELIX-IRR PARTNERS	www.elix-irr.com			
EY	www.ey.com	★	★	½
FOLEY & LARDNER	www.foley.com			
INFORMATION SERVICES GROUP, INC. (ISG)	www.isg-one.com	★	½	
KIRKLAND & ELLIS	www.kirkland.com		★	★
KPMG	www.kpmg.com	★	★	½
MATRYZEL CONSULTING	www.matryzel.com			
MAYER BROWN	www.mayerbrown.com	½	½	
NEO GROUP	neogroup.com			★
OLSWANG	www.olswang.com	★		
PACE HARMON	www.paceharmon.com			
PILLSBURY WINTHROP SHAW PITTMAN	www.pillsburylaw.com/globalsourcing			
PWC STRATEGY&	www.strategyand.pwc.com; www.pwc.com	★	½	
QUINT WELLINGTON REDWOOD	www.quintgroup.com		★	★
ZINNOV MANAGEMENT CONSULTING	www.zinnov.com	½		★

KEY: ★ Full Star: Highest Rated ½ Half Star: Distinguished

the ability to develop talent, and a track record of innovation. Corbett points to IAOP's Global Outsourcing 100—a list of the world's best outsourcing service providers that showcases companies excelling in the areas customers care most about—as a great place to find well-run partners.

Unlike in the past, when companies would often switch partners when a cheaper option came along, executives now want to develop long-term relationships with their outsourcing partners. "That's what outsourcing is really about," says Corbett, "creating these long-lasting partnerships with outside organizations that have unique capabilities and skills."

Many companies are also looking for partners that staff programs with their own employees, rather than using sub-contractors who might not meet their standards. That's one of the keys to Miratech Group's success. The Stockholm- and Washington, D.C.–based IT outsourcing company has 870 staff members, many with Ph.D.s and master's degrees. "We don't compromise on the people we hire," says Miratech CEO Valeriy Kutsyy.

When it comes to the IT sector, a lot of companies can't hire fast enough, nor can they find the level of skill needed to assure success. Miratech has access to some of the best tech-sector employees in Eastern Europe, where its R&D centers are based. "We attract and retain top people, and that allows our clients to focus on their higher priorities," says Kutsyy.

Importance of Innovation

There are many kinds of outsourcing businesses, but one of the common denominators among the best is that they're technology-driven, says Neil Hirshman, an outsourcing expert with Chicago-based law firm Kirkland & Ellis and a member of the IAOP's Strategic Advisory Board. That wasn't as important years ago, but it's critical today. Technology is allowing outsourcing companies to be more innovative, to reduce costs, and to give their clients better service.

For instance, a large food services outsourcer could have equipment and employees working on thousands of different jobs all over the world. At one time, it was hard to keep track of what everyone was doing. Now, there's software that can tell where every staffer is located and if every piece of equipment is accounted for. "Technology, such as cloud computing and mobile technology, has really changed the way a lot of these companies operate," says Hirshman.

Today, clients are looking to their IT outsourcing partners for innovative solutions to drive growth. IT consulting and outsourcing company Virtusa Corporation, based in Westborough, Mass., is such a partner. Its ERA Insight tool im-

Widely regarded as the pioneer and "Guru" of the Indian BPO industry, Raman Roy (right) has played a pivotal role over the last two decades in proving that India can be a preferred location for remote processing.

proves software productivity and quality. Its Kore platform helps clients increase automation and transform IT operations "from reactive to preemptive," and its social platform helps engineers co-create solutions for clients in real time.

"Our clients are asking, 'Is my vendor helping me innovate, or are they stuck in the past?'" says Harsha Kumar, Virtusa's senior vice president of outsourcing and transformational industry solutions. "Outsourcing has come a long way since the '90s. Increasingly, the trend is toward enterprises adopting sourcing strategies that require the partner to rapidly innovate and transform, and at the same time make their operations efficient and agile."

More Vendors, Shorter Contacts

One of the changes in this sector has been an increase in the diversity of companies that offer outsourcing services. While that growth has a lot to do with a greater acceptance of the outsourcing model, it's also a result of technological innovation. Now companies can provide services from almost any location, says Michael Stoler, a senior manager in Deloitte Consulting LLP's Outsourcing Advisory practice. In fact, Deloitte's recent Global Out-

THE GLOBAL OUTSOURCING 100 2015

sourcing and Insourcing Survey found that 50% of its clients think technology will diminish the importance of location, while 12% say it won't matter at all where services are delivered.

There has also been a trend toward shorter and smaller contracts, says Stoler. In the past, companies might sign decade-long megadeals with one outsourcing provider; now contracts are more likely to be three to five years and have a more focused scope. Why? "Flexibility and innovation. Customers are getting savvier," says Stoler. "They want to find the best-fit vendor for a service, and they want to retain agility. The more-frequent renewal cycle also creates healthy competition, which incentivizes vendors to be innovative."

The increase in providers and shorter-term contracts could mean that companies are now using far more outsourcing companies than ever before. They want to take a "best in breed" approach, which means they'd rather work with a number of companies who can all do different things well than one company that says it can do it all.

Managing all those relationships can be a challenge, says IAOP Strategic Advisory Board member Hirshman, which is why many companies are hiring managers to oversee their various outsourcing partners. Some businesses are hiring third parties to manage this process; others are hiring internally. "You need someone to oversee and integrate all of these providers," he says.

More Growth Ahead

As much as the outsourcing industry has grown over the last decade, it's only going to expand further, says Hirshman. Companies are getting more sophisticated and are looking for more partners to work with. Expectations are higher, however, which means outsourcing companies will have to raise their own bar and work harder to distinguish themselves from the competition, he adds.

The increasing use of technology is driving much of the sector's growth in nearly every area. Until a few years ago, for instance, companies didn't spend a dime on social media. Now consumer-facing global corporations have to oversee social accounts in multiple countries, develop a social media strategy, and use the right people

Companies can outsource nearly everything, from food services and housing logistics to software development and employee relocation assistance.

Dylan Taylor (right), Global Chief Operating Officer of Colliers, shares his vision.

and tools to manage it all. Many businesses aren't interested in building out an entire social media team; rather, they're looking for someone who can help them with that part of the business, says IAOP chairman Corbett.

These days, nearly every company big and small outsources some part of its business. Otherwise, we wouldn't have many of the products and services that we have today. Think of a cellphone, says Corbett: Companies outsource numerous parts of that device's production. "I don't just mean manufacturing," he says. "The engineering, the intellectual property, the design. If we didn't have outsourcing, it wouldn't exist." ●

Teams of the 500

[redacted]

Many companies talk a big game about collaboration. We've found five employee groups within America's largest corporations that have mastered the art.

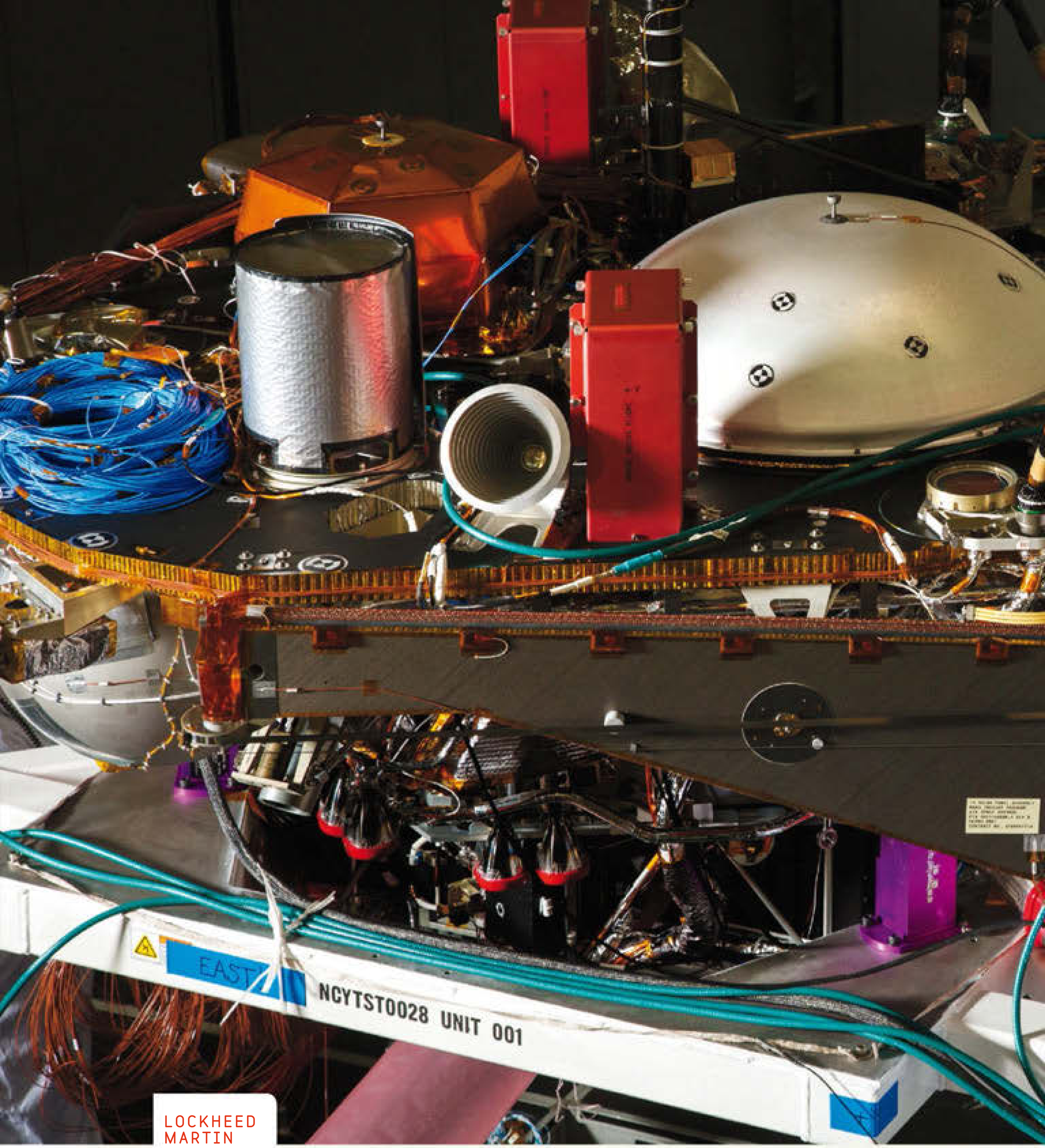
NIKE

RANK
106

PHOTOGRAPH BY
SPENCER LOWELL

NIKE HAS A LARGER SHARE of the athletic apparel and footwear markets than any other company in the world. Its $16.2 billion in sneaker sales alone in 2014 would rank that business at No. 194 on this year's *Fortune* 500. It isn't the sort of place you reach by accident. Indeed, Nike has made a science of getting to the top—and to the rim, plate, and end zone—faster than anybody, employing more than 50 research scientists to evalu-
ate human biomechanics, sensory perception, and performance training on everything from running shirts

to basketball high-tops. The Nike Sport Research Lab (NSRL), founded in 1980, helped bring about key new technologies, including the company's featherweight Flyknit sneakers—which can weigh 5.6 ounces for a size 9 shoe—and springy Lunarlon models. Here, Matthew Nurse (squatting, right), senior director of the NSRL, has wired up distance runner and two-time Olympian Matt Tegenkamp (left) in the name of shoe-wear science. Seated left to right are Nike running researchers Birgit Unfried, Geng Luo, and Emily Farina. —*John Kell*



LOCKHEED MARTIN

RANK
64

PHOTOGRAPH BY
FLOTO & WARNER

THE FINAL COUNTDOWN has begun for five of Lockheed Martin's technicians. Next March the InSight Mars lander will rocket 26,000 miles an hour toward the red planet, where it will record the first-ever measurements of the planet's interior. The core assembly, test, and launch operations team—including lead assembly and test technician Jack Farmerie (at rear) and quality-assurance technician Scott Montrull, shown here working in a clean room at Lockheed Martin Space Systems near Denver—is now immersed in

the critical testing phase, which will simulate the lander's operations in space and on the surface of Mars to prove it's prepared for its deep-space debut. InSight, which is often considered the grandson of Viking, the first successfully completed mission to Mars, in 1976, has a narrow window in which to take off in order to catch Mars at the correct planetary position for landing—or else the mission will be delayed 26 months until its next alignment. —*Laura Lorenzetti*

KOHL'S

RANK
157

PHOTOGRAPH BY
GREGG SEGAL

EVERY WEEK nearly 40 photo teams snap more than 2,400 images at Kohl's, making the department store chain's in-house corporate photo studio perhaps the busiest in the U.S. Each team is a mix of photographers, stylists, carpenters, art directors, production assistants, photo retouchers, makeup artists, models, and more. The result: an unending river of images that appear anywhere from in-store posters to print ads to online product descriptions. Kohl's 100,000-square-foot photo studio, which is near its Wisconsin headquarters,

boasts 35 photo bays, seven hair and makeup rooms, and an outdoor rooftop shooting space. The investment allows the retailer to exercise complete creative control over its visual execution. Shown here left to right: models (and non-Kohl's employees) Rania Benchegra, Jodie Smith, and young Gaby; photo assistant Nick Knezevich (up top, holding umbrella); stylist Melissa Comin; freelance hairstylist Sharon Giersch; photographer Lois Bielefeld; digital tech Don Grinker; and art director James O'Leary. —*Laura Lorenzetti*

STARBUCKS

RANK
187

PHOTOGRAPH BY
BEN BAKER

STARBUCKS MIGHT BE the world's java giant, but the company is trying to show off its coffee cred by going small. In December the Seattle-based operation opened a roastery and tasting room blocks away from its first store to process all of its reserve coffee—rare, small batches of beans that Starbucks sells in more than 1,000 of its 22,000 stores, or through its mail-order subscription program. In some cases supply is so limited that particular varieties can be purchased only on-site. There's some theater involved: The team of

hand-picked roasters—(from left) Marc Wanless, Joshua Read (in rear, with beard), Cameron Butcher, Susan Townsend, Casey Wolfe, Mikey Graham, and Shawn Sidey—works in full view of patrons. The Probat G120 that is pictured roasts up to 260 pounds of coffee at a time. Another machine primarily handles smaller batches that are for sale and consumption at the facility. Together the machines will process about 1.4 million pounds of coffee this year. —*Beth Kowitt*

JOHNSON & JOHNSON

RANK
37

PHOTOGRAPH BY
MARCO DI LAURO

THE EBOLA OUTBREAK that began a year ago has killed nearly 4,000 people in Sierra Leone. But in May a team of medical professionals from Johnson & Johnson, the global health care giant, arrived in the tiny African country's hard-hit Kambia district on a hopeful mission: to ready it for a possible late-stage clinical trial of its candidate Ebola vaccine regimen. The delegation, comprising J&J employees and partners from London's School of Hygiene and Tropical Medicine (LSHTM), visited officials and health facilities to inventory the physical and educational

resources—cold storage, vaccination clinics, culturally appropriate informational materials—needed to conduct a trial. In the works since 2008, development of J&J's Ebola vaccine was accelerated last year; it's now undergoing early-stage safety trials. Members of the team photographed among villagers in Kambia district in May: (from left) Hilary Bower, interim trial manager, LSHTM; Adam Hacker, global regulatory affairs leader, J&J; Caroline Maxwell, research coordinator, LSHTM; Tine De Marez, Phase 3 clinical trial project lead, J&J. —*Erika Fry*

500 CARES

NATIONWIDE: PROTECTING WHAT MATTERS MOST: YOUR KIDS

1 MILLION
CALLS TO POISON CENTERS EVERY YEAR ABOUT CHILDREN UNDER AGE 5

93,000
CHILDREN UNDER 5 SEEN ANNUALLY IN EMERGENCY ROOMS FOR STAIR-RELATED INJURIES

BY 50%
HOW MUCH WORKING SMOKE ALARMS REDUCE THE RISK OF DYING IN A HOME-BASED FIRE

ILLUSTRATIONS BY DAVID FOSTER

SOURCE: "REPORT TO THE NATION: PROTECTING CHILDREN IN YOUR HOME" (FEBRUARY 2015), SAFE KIDS WORLDWIDE, FUNDED BY NATIONWIDE

As **Nationwide's** business thrives, the Columbus-based financial services giant is leveraging its resources to save children's lives by targeting their No. 1 killer: preventable accidents.

WHERE IS YOUR CHILD SAFEST? If you're like most parents, you'd probably reply, "At home, of course."

Sadly, that is not necessarily the case. Each year, 2,200 children die from injuries incurred at home. That's six kids every day; almost 10,000 more are sent to the emergency room daily. Yet a survey last year funded by Nationwide found that most parents don't recognize the magnitude of the threat.

The company is out to change that. In February, it launched Make Safe Happen, an effort to promote education about preventable accidents, the leading cause of death in children by far, according to the National Center for Health Statistics.

"With Make Safe Happen, we're not only looking to increase awareness about preventable accidents," says Nationwide CEO Steve Rasmussen. "We're also looking to make a real impact by providing resources to change behaviors to help keep children safe."

Nationwide is tackling the goal on several fronts. On the Make Safe Happen website, parents and caregivers can find tips and resources to keep their children safe. The Make Safe Happen mobile app provides room-to-room safety checklists, links to recommended products, and the ability to create to-do lists, set reminders, and track progress. "The app has been downloaded more than 14,000 times since it was made available five months ago, and the website has garnered more than 120,000 users," says Rich Foster, Nationwide's vice president of brand strategy and customer experience, who has overseen the Make Safe Happen initiative. "We've had overwhelming support from the safety advocacy community."

Nationwide has leveraged that support by partnering with Nationwide Children's Hospital and the nonprofit Safe Kids Worldwide, and by convening a Make Safe Happen Advisory Council with groups including the American Academy of Pediatrics, The Compassionate Friends, and the Ad Council. By making people aware of the dangers children face at home and providing guidance on minimizing them, Nationwide hopes to dramatically reduce the number of preventable child deaths across the country.

The initiative is a natural for Nationwide, says Rasmussen: "Giving back and helping create strong communities is part of our culture. To us, that's what it means to be more than a business."

For more information, or to get the app, go to **makesafehappen.com.**

Nationwide®
is on your side

FIVE WAYS TO HELP SAVE A CHILD'S LIFE.

Preventable accidents are the #1 cause of death among children in the United States. Together, we can do something about it. For room-by-room, age-specific safety tips, download the Make Safe Happen mobile app, and visit **MakeSafeHappen.com** to learn more. The app is owned by Nationwide Children's Hospital and developed by the safety experts in their Center for Injury Research and Policy.

Nationwide®
is on your side

MAKE SAFE HAPPEN™

1

Drowning is the #1 cause of death among children ages 1-4. Children can drown in as little as one inch of water. Don't leave your child unattended. Empty all tubs, buckets, containers and wading pools immediately after use.

2

Hot bath water causes more than half of all scalds to children. Set your hot water heater to 120°F to reduce scalding.

3

Every year, 3,300 children are treated in the ER for injuries due to window falls. Install window guards or locks properly to prevent falls from windows. Make sure guards on windows have an emergency release in case of fire.

4

Every day, at least one child dies in a home fire. Install smoke alarms on every floor, in every bedroom and outside every sleeping area. Test smoke alarms monthly.

5

Medications are the #1 cause of child poisoning. Make sure all medicines, including vitamins, are locked up or stored out of reach and out of sight of children. Put the toll-free poison help number in your home and cell phones: 1-800-222-1222.

FORTUNE

THE Lists

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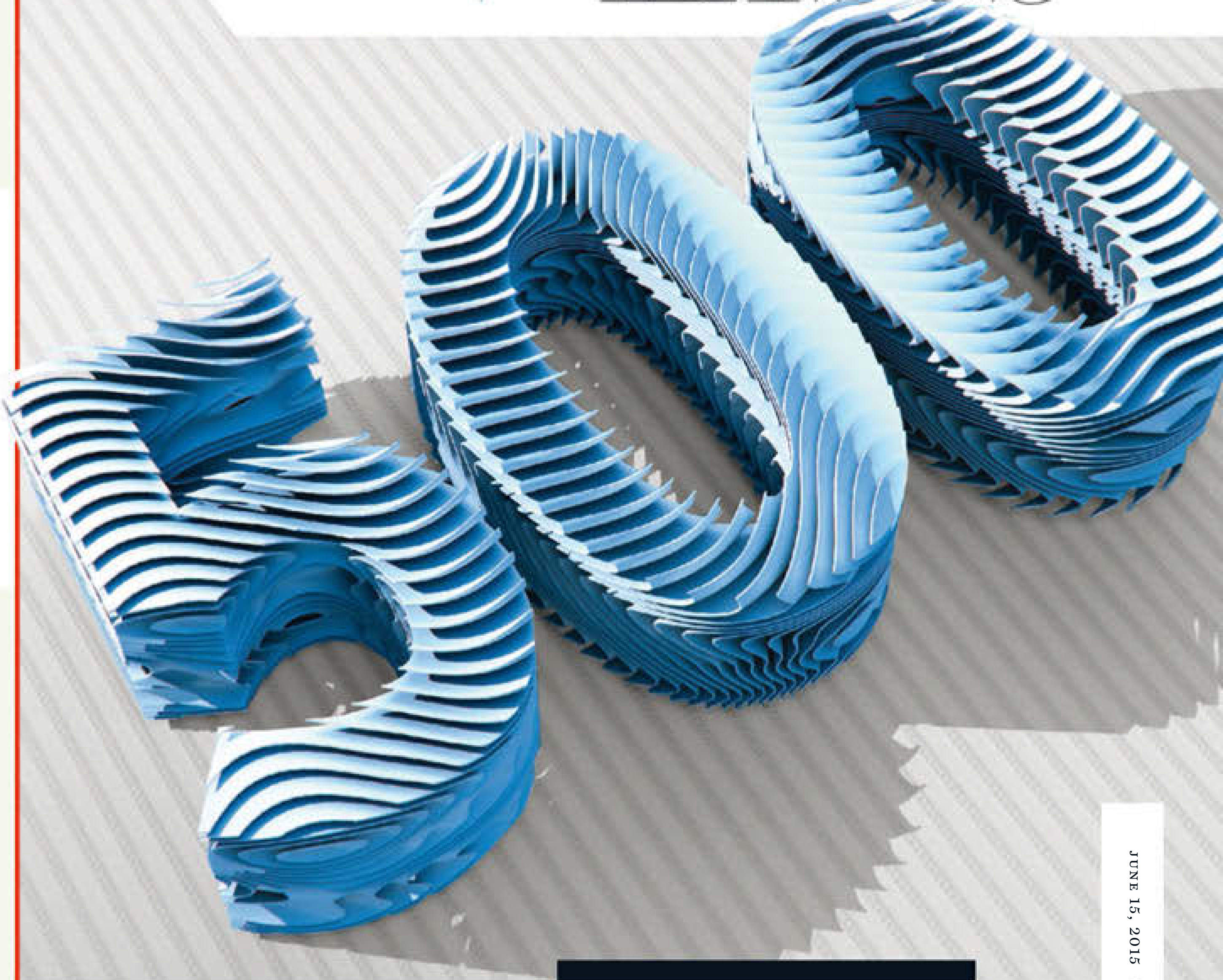


ILLUSTRATION BY **VLADIMIR SHELEST**

500

Largest U.S. Corporations

WALMART CLAIMED THE TOP SPOT FOR THE THIRD CONSECUTIVE YEAR. **CVS HEALTH** DEBUTED IN THE TOP 10. AND **FACEBOOK** JUMPED NEARLY 100 SPOTS TO CRACK THE TOP 250 IN JUST ITS THIRD YEAR ON THE LIST.

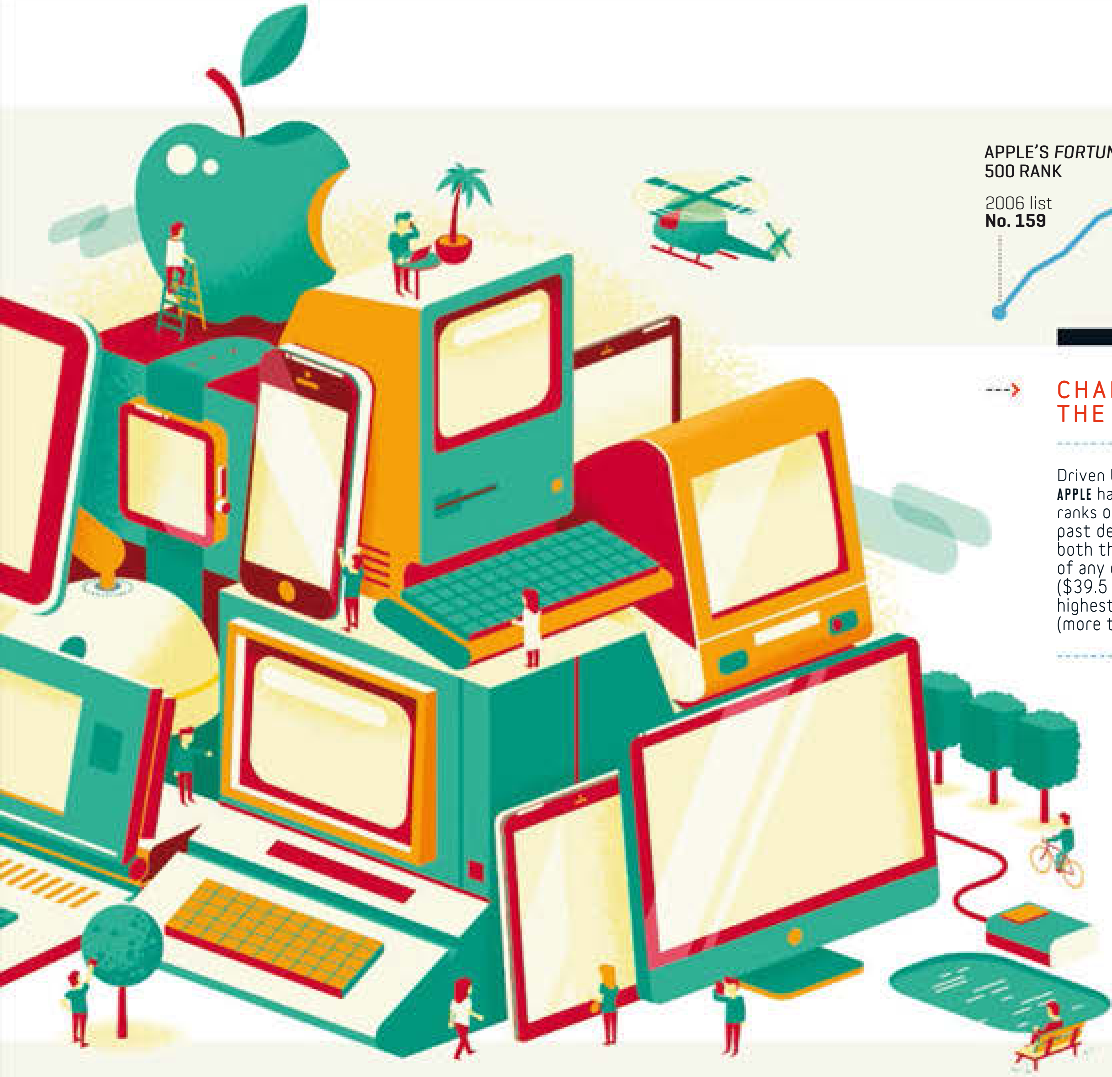
NO. 5
APPLE

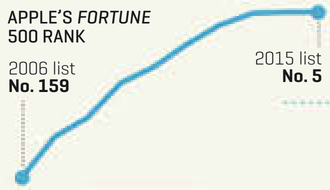
The release of the iPhone 6 in September boosted **APPLE** to new heights. In the final three months of 2014, the tech giant sold 74.5 million iPhones and made $18 billion in net income—the most profitable quarter in corporate history. — *Claire Groden*

1-20 /500

RANK 2014	2013		REVENUES $ millions	REVENUES % change from 2013	PROFITS $ millions	PROFITS Rank	PROFITS % change from 2013	ASSETS $ millions	ASSETS Rank	STOCKHOLDERS' EQUITY $ millions	STOCKHOLDERS' EQUITY Rank
1	1	**WAL-MART STORES** *Bentonville, Ark.* [1]	485,651.0	2.0	16,363.0	8	2.1	203,706.0	35	81,394.0	15
2	2	**EXXON MOBIL** *Irving, Texas*	382,597.0[E]	(6.1)	32,520.0	2	(0.2)	349,493.0	17	174,399.0	6
3	3	**CHEVRON** *San Ramon, Calif.*	203,784.0[E]	(7.5)	19,241.0	7	(10.2)	266,026.0	22	155,028.0	7
4	4	**BERKSHIRE HATHAWAY** *Omaha, Neb.*	194,673.0	6.9	19,872.0	6	2.0	526,186.0	12	240,170.0	2
5	5	**APPLE** *Cupertino, Calif.* [2]	182,795.0	7.0	39,510.0	1	6.7	231,839.0	30	111,547.0	9
6	7	**GENERAL MOTORS** *Detroit, Mich.*	155,929.0	0.3	3,949.0	56	(26.1)	177,677.0	39	35,457.0	38
7	6	**PHILLIPS 66** *Houston, Texas*	149,434.0[¶,E]	(7.3)	4,762.0	48	27.8	48,741.0	117	21,590.0	64
8	9	**GENERAL ELECTRIC** *Fairfield, Conn.*	148,321.0[¶]	1.4	15,233.0	10	16.7	648,349.0	11	128,159.0	8
9	8	**FORD MOTOR** *Dearborn, Mich.*	144,077.0	(1.9)	3,187.0	69	(55.5)	208,527.0	34	24,805.0	53
10	12	**CVS HEALTH** *Woonsocket, R.I.* [3]	139,367.0	9.9	4,644.0	50	1.1	74,252.0	80	37,958.0	35
11	15	**MCKESSON** *San Francisco, Calif.* [4]	138,030.0[¶]	12.7	1,263.0	176	(5.6)	51,759.0	109	8,522.0	175
12	11	**AT&T** *Dallas, Texas*	132,447.0	2.9	6,224.0	35	(65.9)	292,829.0	20	86,370.0	13
13	10	**VALERO ENERGY** *San Antonio, Texas*	130,844.0	(5.0)	3,630.0	61	33.5	45,550.0	124	20,677.0	72
14	14	**UNITEDHEALTH GROUP** *Minnetonka, Minn.*	130,474.0	6.5	5,619.0	39	(0.1)	86,382.0	72	32,454.0	42
15	16	**VERIZON COMMUNICATIONS** *New York, N.Y.*	127,079.0	5.4	9,625.0	19	(16.3)	232,708.0	29	12,298.0	127
16	28	**AMERISOURCEBERGEN** *Chesterbrook, Pa.* [2,5]	119,569.1	34.1	276.5	382	(36.3)	21,532.2	219	1,956.9	371
17	13	**FANNIE MAE** *Washington, D.C.* [6]	116,461.0	(7.3)	14,208.0	12	(83.1)	3,248,176.0	1	3,680.0	299
18	19	**COSTCO WHOLESALE** *Issaquah, Wash.* [7]	112,640.0	7.1	2,058.0	122	0.9	33,024.0	169	12,303.0	126
19	17	**HEWLETT-PACKARD** *Palo Alto, Calif.* [8]	111,454.0	(0.8)	5,013.0	45	(2.0)	103,206.0	63	26,731.0	48
20	24	**KROGER** *Cincinnati, Ohio* [1]	108,465.0	10.3	1,728.0	145	13.8	30,556.0	178	5,412.0	233

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.





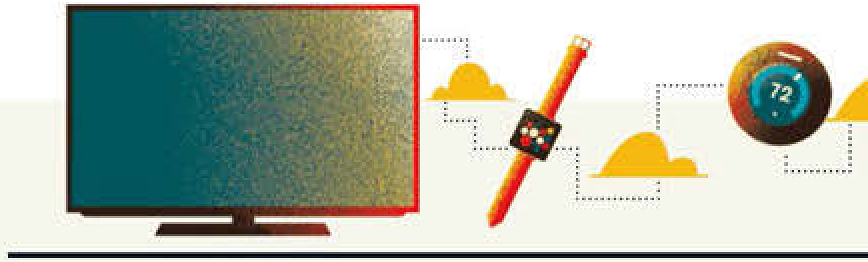
CHARGING UP THE CHARTS

Driven by iPhone sales, **APPLE** has soared through the ranks of the 500 over the past decade. Now it boasts both the biggest profits of any company on the list ($39.5 billion) and the highest market value (more than $700 billion).

MARKET VALUE 3/31/15		PROFITS AS % OF ...						EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS					
		Revenues		Assets		Stockholders' equity		2014	% change from 2013	2004–2014 annual growth rate		2014		2004–2014 annual rate		Industry table number	RANK 2014
$ millions	Rank	%	Rank	%	Rank	%	Rank	$		%	Rank	%	Rank	%	Rank		
265,343.7	8	3.4	343	8.0	117	20.1	155	5.05	3.5	7.7	175	11.9	260	7.1	260	25	1
356,548.7	4	8.5	183	9.3	92	18.6	172	7.60	3.1	6.9	197	(6.0)	391	8.5	229	48	2
197,381.3	15	9.4	159	7.2	142	12.4	279	10.14	(8.6)	4.9	223	(6.9)	396	11.4	144	48	3
357,344.0	3	10.2	141	3.8	294	8.3	376	12,092.00	2.0	9.8	129	27.0	117	9.9	190	38	4
724,773.4	1	21.6	29	17.0	9	35.4	56	6.45	13.6	63.0	2	40.5	51	38.2	3	11	5
60,388.7	75	2.5	376	2.2	365	11.1	306	1.65	(30.7)	–		(11.6)	411	–		44	6
42,626.9	103	3.2	350	9.8	82	22.1	133	8.33	38.4	–		(4.8)	382	–		48	7
249,774.6	9	10.3	139	2.3	360	11.9	292	1.50	18.1	(0.7)	284	(6.7)	394	(0.2)	347	13	8
64,154.3	70	2.2	389	1.5	388	12.8	269	0.80	(54.5)	(7.4)	317	3.6	328	2.1	330	44	9
117,170.8	33	3.3	345	6.3	171	12.2	282	3.96	5.9	13.7	83	36.6	62	16.8	54	20	10
52,669.4	86	0.9	435	2.4	354	14.8	231	5.41	(3.2)	9.5	135	29.3	101	21.7	20	70	11
169,459.0	20	4.7	296	2.1	370	7.2	391	1.19	(64.9)	(3.9)	301	0.8	350	8.2	236	59	12
32,702.5	134	2.8	362	8.0	118	17.6	186	6.85	37.8	7.7	173	0.2	354	10.8	161	48	13
112,812.6	36	4.3	314	6.5	162	17.3	189	5.70	3.6	11.2	110	36.4	63	9.5	200	26	14
198,410.4	14	7.6	212	4.1	277	78.3	20	2.42	(39.5)	(1.4)	292	(0.5)	360	7.8	248	59	15
24,962.5	176	0.2	455	1.3	403	14.1	243	1.17	(36.4)	1.4	261	29.9	97	21.4	24	70	16
2,721.5	430	12.2	103	0.4	444	386.1	2	(0.19)	–	–		(31.7)	457	(29.1)	386	13	17
66,653.9	67	1.8	404	6.2	173	16.7	200	4.65	0.4	9.7	131	20.4	180	13.4	109	58	18
56,635.1	79	4.5	307	4.9	241	18.8	170	2.62	0.0	8.6	159	46.2	34	8.2	237	11	19
37,648.2	114	1.6	416	5.7	199	31.9	64	3.44	18.6	–		64.7	12	15.4	71	20	20

ILLUSTRATION BY **PATSWERK**

21-68 /500



NO. 52
INTEL
The chipmaker reported record sales in 2014 despite an 85% drop in revenues at its mobile and communications group. Intel remains a power in PCs and saw an 18% jump in data center sales, to $14.4 billion. — *C.G.*

RANK 2014	2013		REVENUES $ millions	REVENUES % change from 2013	PROFITS $ millions	PROFITS Rank	PROFITS % change from 2013	ASSETS $ millions	ASSETS Rank	STOCKHOLDERS' EQUITY $ millions	STOCKHOLDERS' EQUITY Rank
21	18	**J.P. MORGAN CHASE & CO.** *New York, N.Y.*	102,102.0	(3.9)	21,762.0	5	21.4	2,573,126.0	2	232,065.0	3
22	20	**EXPRESS SCRIPTS HOLDING** *St. Louis, Mo.*	100,887.1	(3.6)	2,007.6	126	8.8	53,798.9	104	20,054.2	77
23	21	**BANK OF AMERICA CORP.** *Charlotte, N.C.*	95,181.0	(6.4)	4,833.0	47	(57.7)	2,104,534.0	3	243,471.0	1
24	23	**INTERNATIONAL BUSINESS MACHINES** *Armonk, N.Y.*	94,128.0¶	(5.6)	12,022.0	14	(27.1)	117,532.0	58	11,868.0	129
25	25	**MARATHON PETROLEUM** *Findlay, Ohio*	91,417.0[E]	(2.7)	2,524.0	94	19.5	30,460.0	179	10,751.0	145
26	22	**CARDINAL HEALTH** *Dublin, Ohio*[9]	91,084.0	(9.9)	1,166.0	183	249.1	26,033.0	194	6,401.0	217
27	30	**BOEING** *Chicago, Ill.*	90,762.0	4.8	5,446.0	40	18.8	99,198.0	65	8,665.0	169
28	26	**CITIGROUP** *New York, N.Y.*	90,646.0¶	(3.2)	7,313.0	29	(46.5)	1,842,530.0	5	210,534.0	4
29	35	**AMAZON.COM** *Seattle, Wash.*	88,988.0	19.5	(241.0)	478	(188.0)	54,505.0	101	10,741.0	146
30	29	**WELLS FARGO** *San Francisco, Calif.*	88,372.0	0.3	23,057.0	3	5.4	1,687,155.0	6	184,394.0	5
31	34	**MICROSOFT** *Redmond, Wash.*[9]	86,833.0	11.5	22,074.0	4	1.0	172,384.0	40	89,784.0	12
32	31	**PROCTER & GAMBLE** *Cincinnati, Ohio*[9]	84,537.0¶	0.4	11,643.0	17	2.9	144,266.0	48	69,214.0	21
33	33	**HOME DEPOT** *Atlanta, Ga.*[1]	83,176.0	5.5	6,345.0	33	17.8	39,946.0	138	9,322.0	162
34	27	**ARCHER DANIELS MIDLAND** *Chicago, Ill.*	81,201.0	(9.6)	2,248.0	108	67.5	44,027.0	129	19,575.0	82
35	37	**WALGREENS BOOTS ALLIANCE** *Deerfield, Ill.*[7,10]	76,392.0	5.8	1,932.0	131	(21.1)	37,182.0	145	20,457.0	75
36	36	**TARGET** *Minneapolis, Minn.*[1]	74,520.0¶	2.7	(1,636.0)	495	(183.0)	41,404.0	132	13,997.0	116
37	39	**JOHNSON & JOHNSON** *New Brunswick, N.J.*	74,331.0	4.2	16,323.0	9	18.0	131,119.0	52	69,752.0	20
38	38	**ANTHEM** *Indianapolis, Ind.*[11]	73,874.1	3.4	2,569.7	91	3.2	62,065.0	90	24,251.3	56
39	42	**METLIFE** *New York, N.Y.*	73,316.0	7.5	6,309.0	34	87.3	902,337.0	7	72,053.0	17
40	46	**GOOGLE** *Mountain View, Calif.*	71,487.0¶	17.9	14,444.0	11	11.8	131,133.0	51	104,500.0	11
41	41	**STATE FARM INSURANCE COS.** *Bloomington, Ill.*	71,159.8	4.2	4,191.0	54	(19.2)	239,143.4	28	79,982.1	16
42	32	**FREDDIE MAC** *McLean, Va.*[6]	69,367.0	(14.6)	7,690.0	25	(84.2)	1,945,539.0	4	2,651.0	338
43	44	**COMCAST** *Philadelphia, Pa.*	68,775.0	6.4	8,380.0	22	22.9	159,339.0	42	52,711.0	24
44	43	**PEPSICO** *Purchase, N.Y.*	66,683.0	0.4	6,513.0	32	(3.4)	70,509.0	82	17,438.0	93
45	45	**UNITED TECHNOLOGIES** *Hartford, Conn.*	65,100.0	3.4	6,220.0	36	8.7	91,289.0	69	31,213.0	43
46	40	**AMERICAN INTERNATIONAL GROUP** *New York, N.Y.*	64,406.0	(6.2)	7,529.0	26	(17.1)	515,581.0	14	106,898.0	10
47	50	**UNITED PARCEL SERVICE** *Atlanta, Ga.*	58,232.0	5.0	3,032.0	73	(30.6)	35,471.0	153	2,141.0	358
48	48	**DOW CHEMICAL** *Midland, Mich.*	58,167.0	1.9	3,772.0	58	(21.2)	68,796.0	84	22,423.0	60
49	57	**AETNA** *Hartford, Conn.*	58,003.2	22.6	2,040.8	123	6.6	53,402.1	105	14,482.6	114
50	52	**LOWE'S** *Mooresville, N.C.*[1]	56,223.0	5.3	2,698.0	88	18.0	31,827.0	173	9,968.0	158
51	47	**CONOCOPHILLIPS** *Houston, Texas*	55,997.0¶	(5.8)	6,869.0	31	(25.0)	116,539.0	59	51,911.0	25
52	53	**INTEL** *Santa Clara, Calif.*	55,870.0	6.0	11,704.0	16	21.7	91,956.0	68	55,865.0	23
53	54	**ENERGY TRANSFER EQUITY** *Dallas, Texas*[P,12]	55,691.0	14.2	633.0	276	223.0	64,469.0	87	664.0	455
54	49	**CATERPILLAR** *Peoria, Ill.*	55,184.0	(0.8)	3,695.0	59	(2.5)	84,681.0	73	16,746.0	98
55	72	**PRUDENTIAL FINANCIAL** *Newark, N.J.*	54,123.0¶	30.5	1,381.0	168	–	766,655.0	10	41,770.0	32
56	51	**PFIZER** *New York, N.Y.*[13]	49,605.0	(7.8)	9,135.0	20	(58.5)	169,274.0	41	71,301.0	18
57	61	**WALT DISNEY** *Burbank, Calif.*[2]	48,813.0	8.4	7,501.0	27	22.2	84,186.0	74	44,958.0	29
58	73	**HUMANA** *Louisville, Ky.*	48,500.0	17.4	1,147.0	188	(6.8)	23,466.0	207	9,646.0	160
59	56	**ENTERPRISE PRODUCTS PARTNERS** *Houston, Texas*[P]	47,951.2	0.5	2,787.4	84	7.3	47,100.7	121	18,063.2	90
60	55	**CISCO SYSTEMS** *San Jose, Calif.*[14]	47,142.0	(3.0)	7,853.0	24	(21.3)	105,134.0	62	56,654.0	22
61	63	**SYSCO** *Houston, Texas*[9]	46,516.7	4.7	931.5	218	(6.1)	13,168.0	291	5,266.7	241
62	69	**INGRAM MICRO** *Santa Ana, Calif.*	46,487.4	9.2	266.7	388	(14.1)	12,831.4	294	4,165.8	277
63	58	**COCA-COLA** *Atlanta, Ga.*	45,998.0	(1.8)	7,098.0	30	(17.3)	92,023.0	67	30,320.0	44
64	59	**LOCKHEED MARTIN** *Bethesda, Md.*	45,600.0	0.5	3,614.0	64	21.2	37,073.0	147	3,400.0	308
65	64	**FEDEX** *Memphis, Tenn.*[15]	45,567.0	2.9	2,097.0	119	34.3	33,070.0	167	15,277.0	109
66	68	**JOHNSON CONTROLS** *Milwaukee, Wis.*[2]	43,855.0¶	2.6	1,215.0	179	3.1	32,804.0	170	11,311.0	136
67	70	**PLAINS GP HOLDINGS** *Houston, Texas*[P]	43,464.0	2.9	70.0	446	366.7	23,983.0	203	1,657.0	393
68	71	**WORLD FUEL SERVICES** *Miami, Fla.*	43,386.4	4.4	221.7	406	9.2	4,880.0	437	1,855.4	377

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

CHIPS FOR A CONNECTED WORLD

INTEL'S business powering the so-called Internet of things, networks of devices connected to the web, is relatively small but growing fast.

INTEL'S INTERNET OF THINGS NET REVENUE

GRAPHIC SOURCE: COMPANY FILINGS

MARKET VALUE 3/31/15 $ millions	Rank	PROFITS AS % OF ... Revenues %	Rank	Assets %	Rank	Stockholders' equity %	Rank	EARNINGS PER SHARE 2014 $	% change from 2013	2004–2014 annual growth rate %	Rank	TOTAL RETURN TO INVESTORS 2014 %	Rank	2004–2014 annual rate %	Rank	Industry table number	RANK 2014
225,861.2	11	21.3	32	0.8	425	9.4	349	5.29	21.6	13.1	89	10.0	281	11.3	151	8	21
63,237.4	71	2.0	398	3.7	298	10.0	329	2.64	17.3	19.4	36	20.5	178	24.4	10	28	22
161,896.1	22	5.1	284	0.2	456	2.0	445	0.36	(60.0)	(20.8)	333	15.7	230	(7.0)	373	8	23
158,642.1	24	12.8	96	10.2	70	101.3	15	11.90	(20.3)	9.2	141	(12.4)	418	6.8	268	34	24
27,958.9	161	2.8	365	8.3	108	23.5	115	8.78	32.2	–		0.5	352	–		48	25
29,800.9	150	1.3	422	4.5	260	18.2	178	3.38	248.5	0.1	274	23.1	153	8.4	232	70	26
105,032.3	39	6.0	260	5.5	212	62.9	26	7.38	23.8	12.4	97	(2.6)	373	12.1	125	2	27
156,304.0	25	8.1	196	0.4	446	3.5	429	2.20	(49.4)	(23.6)	337	3.9	324	(18.0)	383	8	28
172,797.3	19	(0.3)	466	(0.4)	465	(2.2)	453	(0.52)	(188.1)	–		(22.2)	441	21.5	22	39	29
279,919.8	6	26.1	14	1.4	401	12.5	277	4.10	5.4	7.2	190	24.0	145	9.0	215	8	30
333,524.9	5	25.4	19	12.8	40	24.6	106	2.63	1.9	13.4	88	27.5	110	8.0	244	10	31
221,279.8	12	13.8	82	8.1	115	16.8	197	4.01	3.9	5.6	212	15.4	232	8.1	240	32	32
148,533.0	26	7.6	209	15.9	18	68.1	21	4.71	25.3	7.6	177	30.3	94	12.1	127	58	33
29,811.6	149	2.8	364	5.1	231	11.5	296	3.43	69.8	16.3	55	22.3	159	10.8	158	22	34
92,365.3	47	2.5	377	5.2	225	9.4	346	2.00	(21.9)	4.2	229	35.2	65	8.8	223	20	35
52,667.5	87	(2.2)	478	(4.0)	484	(11.7)	467	(2.56)	(183.4)	–		23.6	147	5.6	296	25	36
279,717.2	7	22.0	26	12.4	48	23.4	118	5.70	18.5	7.2	189	17.3	213	8.3	233	49	37
41,194.7	106	3.5	340	4.1	276	10.6	315	8.99	9.6	11.4	106	38.1	57	8.9	221	26	38
56,577.5	80	8.6	178	0.7	435	8.8	367	5.42	86.3	4.0	231	2.8	333	4.9	303	36	39
377,541.5	2	20.2	42	11.0	61	13.8	250	21.02	10.3	39.9	6	(5.3)	385	18.6	38	39	40
–		5.9	264	1.8	381	5.2	415	–	–	–		–		–		37	41
1,482.1	453	11.1	120	0.4	448	290.1	6	(0.72)	–	–		(29.0)	451	(29.3)	387	13	42
143,494.1	29	12.2	105	5.3	221	15.9	214	3.20	25.0	27.3	12	13.5	249	11.4	145	59	43
141,744.1	30	9.8	150	9.2	94	37.3	53	4.27	(1.2)	5.8	208	17.2	216	8.9	219	21	44
106,470.4	38	9.6	155	6.8	157	19.9	158	6.82	9.1	9.5	134	3.2	332	10.7	165	2	45
74,184.0	58	11.7	111	1.5	392	7.0	396	5.20	(15.2)	(23.3)	335	10.7	270	(24.9)	385	38	46
87,492.1	50	5.2	282	8.5	102	141.6	11	3.28	(28.9)	1.1	263	8.6	290	5.5	297	40	47
55,546.2	82	6.5	243	5.5	213	16.8	196	2.87	(22.0)	(0.2)	278	5.8	307	2.8	322	7	48
37,147.0	117	3.5	338	3.8	290	14.1	244	5.68	6.6	4.7	225	31.1	89	11.7	138	26	49
70,797.3	61	4.8	294	8.5	105	27.1	93	2.71	26.6	7.2	191	41.2	48	10.7	167	58	50
76,670.8	57	12.3	102	5.9	194	13.2	263	5.51	(25.3)	(0.5)	280	1.6	345	11.2	152	43	51
148,094.7	27	20.9	37	12.7	42	21.0	142	2.31	22.2	7.1	194	44.1	42	7.5	252	56	52
34,136.6	126	1.1	425	1.0	415	95.3	16	1.15	228.6	–		44.4	40	–		50	53
48,511.5	92	6.7	233	4.4	263	22.1	132	5.88	2.3	7.4	184	3.4	330	9.1	209	12	54
36,460.7	121	2.6	374	0.2	458	3.3	430	–	–	–		0.5	351	7.2	259	36	55
213,622.1	13	18.4	49	5.4	218	12.8	271	1.42	(55.5)	(0.5)	279	5.2	313	5.9	286	49	56
178,267.2	17	15.4	67	8.9	96	16.7	203	4.26	26.0	14.3	75	24.7	141	14.6	85	18	57
26,633.2	169	2.4	385	4.9	240	11.9	291	7.36	(4.8)	15.6	63	40.5	53	17.6	47	26	58
67,354.7	66	5.8	265	5.9	191	15.4	225	1.47	4.3	–		13.3	252	–		50	59
140,507.9	31	16.7	61	7.5	133	13.9	249	1.49	(19.9)	9.2	143	27.9	106	4.7	304	45	60
22,349.1	191	2.0	397	7.1	148	17.7	185	1.58	(5.4)	1.4	260	13.5	250	3.5	315	69	61
3,924.8	406	0.6	446	2.1	371	6.4	404	1.67	(16.1)	1.9	254	17.8	209	2.9	320	68	62
177,142.4	18	15.4	66	7.7	128	23.4	117	1.60	(15.8)	4.8	224	5.3	311	10.4	172	6	63
64,192.5	69	7.9	198	9.7	84	106.3	13	11.21	22.8	14.8	69	33.7	73	16.6	55	2	64
46,947.5	94	4.6	303	6.3	167	13.7	251	6.75	37.5	9.4	138	21.4	169	6.4	278	40	65
33,153.9	132	2.8	363	3.7	300	10.7	313	1.80	5.3	2.4	247	(4.1)	379	10.7	166	44	66
17,360.7	221	0.2	457	0.3	454	4.2	425	0.47	370.0	–		(1.8)	369	–		50	67
4,143.8	403	0.5	448	4.5	257	12.0	288	3.11	9.9	17.7	41	9.1	285	14.7	80	67	68

ILLUSTRATIONS BY MARINKO MILOSEVSKI

69-116 /500

NO. 110

MCDONALD'S

New CEO Steve Easterbrook, who started in March, will try to turn things around after another tough year at McDonald's, with declines in both revenues and profits. — C.G.

RANK 2014	2013		REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
69	62	**CHS** *Inver Grove Heights, Minn.* [C,7]	42,664.0	(4.1)	1,081.4	196	9.0	15,147.0	270	6,448.5	215
70	112	**AMERICAN AIRLINES GROUP** *Fort Worth, Texas*	42,650.0	59.5	2,882.0	80	—	43,771.0	130	2,021.0	363
71	65	**MERCK** *Kenilworth, N.J.*	42,237.0	(4.1)	11,920.0	15	170.7	98,335.0	66	48,647.0	26
72	60	**BEST BUY** *Richfield, Minn.* [1]	41,903.0¶	(7.3)	1,233.0	178	131.8	15,256.0	267	4,995.0	251
73	81	**DELTA AIR LINES** *Atlanta, Ga.*	40,362.0	6.9	659.0	268	(93.7)	54,121.0	103	8,813.0	167
74	77	**HONEYWELL INTERNATIONAL** *Morris Township, N.J.*	40,306.0	3.2	4,239.0	53	8.0	45,451.0	125	17,657.0	92
75	79	**HCA HOLDINGS** *Nashville, Tenn.*	40,087.0	5.4	1,875.0	136	20.5	31,199.0	177	(7,894.0)	497
76	74	**GOLDMAN SACHS GROUP** *New York, N.Y.*	40,085.0	(1.9)	8,477.0	21	5.4	856,240.0	8	82,797.0	14
77	75	**TESORO** *San Antonio, Texas*	40,052.0[E]	2.2	843.0	231	104.6	16,584.0	254	4,454.0	265
78	76	**LIBERTY MUTUAL INSURANCE GROUP** *Boston, Mass.* [16]	39,796.0¶	1.7	1,833.0	137	5.2	124,304.0	54	20,218.0	76
79	78	**UNITED CONTINENTAL HOLDINGS** *Chicago, Ill.*	38,901.0	1.6	1,132.0	192	98.2	37,353.0	144	2,396.0	346
80	88	**NEW YORK LIFE INSURANCE** *New York, N.Y.*	38,680.4	7.4	1,602.0	155	20.8	249,664.3	25	18,606.0	87
81	82	**ORACLE** *Redwood City, Calif.* [15]	38,275.0	2.9	10,955.0	18	0.3	90,344.0	70	46,878.0	27
82	83	**MORGAN STANLEY** *New York, N.Y.*	37,953.0	3.0	3,467.0	66	18.2	801,510.0	9	70,900.0	19
83	93	**TYSON FOODS** *Springdale, Ark.* [2,17]	37,580.0	9.0	864.0	226	11.1	23,956.0	204	8,890.0	165
84	67	**SAFEWAY** *Pleasanton, Calif.* [18]	36,643.1¶	(14.7)	113.4	436	(96.8)	13,377.0	286	5,450.4	231
85	91	**NATIONWIDE** *Columbus, Ohio*	36,256.7	5.0	431.8	333	(45.8)	182,575.4	38	14,868.7	112
86	80	**DEERE** *Moline, Ill.* [8]	36,066.9	(4.6)	3,161.7	70	(10.6)	61,336.4	93	9,062.6	163
87	86	**DUPONT** *Wilmington, Del.*	36,046.0	(1.2)	3,625.0	62	(25.2)	49,876.0	115	13,320.0	118
88	90	**AMERICAN EXPRESS** *New York, N.Y.*	35,999.0	3.1	5,885.0	37	9.8	159,103.0	43	20,673.0	73
89	92	**ALLSTATE** *Northbrook, Ill.*	35,239.0	2.1	2,850.0	81	25.0	108,533.0	61	22,304.0	61
90	97	**CIGNA** *Bloomfield, Conn.*	34,914.0	7.8	2,102.0	116	42.4	55,896.0	99	10,774.0	143
91	89	**MONDELEZ INTERNATIONAL** *Deerfield, Ill.*	34,244.0	(3.0)	2,184.0	111	(44.2)	66,815.0	85	27,750.0	45
92	95	**TIAA-CREF** *New York, N.Y.* [34]	34,230.3	1.2	966.7	214	(43.9)	526,048.4	13	33,919.9	41
93	66	**INTL FCSTONE** *New York, N.Y.* [2,19]	34,063.3¶	(22.2)	19.3	457	0.0	3,039.7	476	345.4	468
94	96	**MASSACHUSETTS MUTUAL LIFE INSURANCE** *Springfield, Mass.*	33,572.4	0.7	1,326.9	170	586.1	253,858.2	23	14,231.3	115
95	98	**DIRECTV** *El Segundo, Calif.*	33,260.0	4.7	2,756.0	85	(3.6)	25,459.0	197	(5,213.0)	496
96	103	**HALLIBURTON** *Houston, Texas*	32,870.0	11.8	3,500.0	65	64.7	32,240.0	171	16,267.0	100
97	85	**TWENTY-FIRST CENTURY FOX** *New York, N.Y.* [9,20]	31,867.0	(12.9)	4,514.0	51	(36.4)	54,793.0	100	17,418.0	94
98	101	**3M** *St. Paul, Minn.*	31,821.0	3.1	4,956.0	46	6.4	31,269.0	176	13,109.0	120
99	87	**SEARS HOLDINGS** *Hoffman Estates, Ill.* [1]	31,198.0	(13.8)	(1,682.0)	496	—	13,209.0	288	(951.0)	488
100	99	**GENERAL DYNAMICS** *Falls Church, Va.*	30,852.0	(1.2)	2,533.0	93	7.5	35,355.0	154	11,829.0	130
101	104	**PUBLIX SUPER MARKETS** *Lakeland, Fla.*	30,802.5	5.7	1,735.3	144	4.9	15,083.5	271	11,302.8	137
102	100	**PHILIP MORRIS INTERNATIONAL** *New York, N.Y.*	29,767.0[E]	(4.6)	7,493.0	28	(12.6)	35,187.0	156	(12,629.0)	499
103	108	**TJX** *Framingham, Mass.* [1]	29,078.4	6.0	2,215.1	110	3.6	11,128.4	312	4,264.2	273
104	102	**TIME WARNER** *New York, N.Y.*	28,774.0¶	(3.4)	3,827.0	57	3.7	63,259.0	88	24,476.0	54
105	107	**MACY'S** *Cincinnati, Ohio* [1]	28,105.0	0.6	1,526.0	157	2.7	21,461.0	220	5,378.0	235
106	115	**NIKE** *Beaverton, Ore.* [15]	27,799.0	7.6	2,693.0	89	8.4	18,594.0	235	10,824.0	141
107	111	**TECH DATA** *Clearwater, Fla.* [1]	27,670.6	3.2	175.2	416	(2.6)	6,138.2	409	1,960.1	370
108	117	**AVNET** *Phoenix, Ariz.* [9]	27,499.7	8.0	545.6	297	21.2	11,255.5	309	4,890.2	252
109	110	**NORTHWESTERN MUTUAL** *Milwaukee, Wis.*	27,465.0	1.8	679.0	261	(15.3)	229,933.0	31	19,054.0	84
110	106	**MCDONALD'S** *Oak Brook, Ill.*	27,441.3	(2.4)	4,757.8	49	(14.8)	34,281.4	161	12,853.4	121
111	119	**EXELON** *Chicago, Ill.*	27,429.0	10.2	1,623.0	150	(5.6)	86,814.0	71	22,608.0	59
112	114	**TRAVELERS COS.** *New York, N.Y.*	27,162.0	3.7	3,692.0	60	0.5	103,078.0	64	24,836.0	52
113	120	**QUALCOMM** *San Diego, Calif.* [2]	26,487.0	6.5	7,967.0	23	16.3	48,574.0	118	39,169.0	34
114	105	**INTERNATIONAL PAPER** *Memphis, Tenn.*	26,221.0¶	(9.8)	555.0	295	(60.2)	28,684.0	185	5,115.0	248
115	116	**OCCIDENTAL PETROLEUM** *Houston, Texas*	25,898.0¶	0.6	616.0	280	(89.6)	56,259.0	97	34,959.0	39
116	123	**DUKE ENERGY** *Charlotte, N.C.*	25,673.0¶	4.4	1,883.0	135	(29.3)	120,709.0	55	40,875.0	33

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

LOVIN' IT IN ASIA?

MCDONALD'S now has 50% more restaurants abroad than at home. But 44% of its operating income came from the U.S. market in 2014.

NUMBER OF MCDONALD'S RESTAURANTS PER REGION

GRAPHIC SOURCE: COMPANY FILINGS

MARKET VALUE 3/31/15		PROFITS AS % OF ...						EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS					
		Revenues		Assets		Stockholders' equity		2014	% change from 2013	2004–2014 annual growth rate		2014		2004–2014 annual rate		Industry table number	RANK 2014
$ millions	Rank	%	Rank	%	Rank	%	Rank	$		%	Rank	%	Rank	%	Rank		
—		2.5	375	7.1	144	16.8	198	—	—	—		—		—		22	69
36,769.2	119	6.8	231	6.6	161	142.6	10	3.93	—	—		113.4	3	—		3	70
163,139.3	21	28.2	10	12.1	53	24.5	107	4.07	176.9	4.5	227	17.1	220	10.3	175	49	71
13,309.1	266	2.9	354	8.1	113	24.7	103	3.49	128.1	5.9	205	(0.0)	357	1.6	335	58	72
37,059.3	118	1.6	414	1.2	406	7.5	385	0.78	(93.7)	—		80.4	7	—		3	73
81,427.4	53	10.5	137	9.3	91	24.0	111	5.33	8.3	13.6	84	11.5	263	13.7	101	15	74
31,559.3	140	4.7	297	6.0	183	—		4.16	23.4	—		53.8	22	—		27	75
81,883.7	52	21.1	35	1.0	414	10.2	325	17.07	10.4	6.7	200	10.7	269	7.6	251	8	76
11,479.3	279	2.1	394	5.1	233	18.9	168	6.44	114.7	10.5	119	29.4	100	17.9	44	48	77
—		4.6	302	1.5	391	9.1	360	—	—	—		—		—		38	78
25,839.2	171	2.9	356	3.0	322	47.2	35	2.93	91.5	—		76.8	8	—		3	79
—		4.1	323	0.6	438	8.6	371	—	—	—		—		—		35	80
188,439.1	16	28.6	8	12.1	52	23.4	119	2.38	5.3	16.9	48	19.0	195	13.2	110	10	81
70,545.3	62	9.1	164	0.4	445	4.9	420	1.60	17.6	(8.9)	319	25.1	135	(0.3)	350	8	82
15,564.5	234	2.3	387	3.6	302	9.7	337	2.37	11.8	7.7	174	20.8	173	9.2	205	22	83
—		0.3	453	0.8	423	2.1	443	0.48	(96.7)	(9.1)	320	23.4	151	9.1	211	20	84
—		1.2	423	0.2	455	2.9	434	—	—	—		—		—		37	85
29,770.4	152	8.8	173	5.2	227	34.9	57	8.63	(5.1)	12.0	101	(0.6)	361	11.3	150	12	86
64,709.9	68	10.1	145	7.3	141	27.2	90	3.92	(24.3)	8.3	164	17.0	223	8.1	238	7	87
79,618.0	55	16.3	62	3.7	301	28.5	81	5.56	13.9	7.6	178	3.7	327	8.1	239	8	88
29,637.1	153	8.1	195	2.6	343	12.8	272	6.27	30.4	3.3	240	31.3	86	5.8	289	38	89
33,452.8	131	6.0	258	3.8	295	19.5	164	7.83	51.2	8.5	163	17.7	211	14.3	87	26	90
59,181.0	78	6.4	247	3.3	310	7.9	380	1.28	(41.6)	—		4.6	317	—		21	91
—		2.8	359	0.2	457	2.9	435	—	—	—		—		—		35	92
560.9	464	0.1	460	0.6	439	5.6	411	0.98	1.0	9.1	147	11.2	265	10.5	171	13	93
—		4.0	329	0.5	442	9.3	350	—	—	—		—		—		35	94
42,788.4	101	8.3	188	10.8	64	—		5.40	4.4	—		25.5	131	17.9	45	59	95
37,283.6	115	10.6	130	10.9	63	21.5	135	4.11	74.2	—		(21.6)	440	8.4	230	46	96
71,948.4	59	14.2	77	8.2	109	25.9	96	1.99	(34.3)	—		10.1	279	9.7	195	18	97
104,795.5	40	15.6	65	15.8	19	37.8	52	7.49	11.5	7.2	193	20.0	186	9.9	186	71	98
4,409.2	397	(5.4)	487	(12.7)	497	—		(15.82)	—	—		(15.9)	426	(7.5)	375	25	99
44,815.8	97	8.2	192	7.2	143	21.4	137	7.42	11.2	9.3	139	47.0	32	12.5	120	2	100
—		5.6	271	11.5	58	15.4	226	2.23	5.2	9.2	144	—		—		20	101
116,693.2	34	25.2	20	21.3	3	—		4.76	(9.5)	—		(2.2)	371	—		61	102
47,877.3	93	7.6	210	19.9	5	51.9	31	3.15	7.1	17.1	45	8.8	286	19.9	28	57	103
70,129.3	63	13.3	90	6.0	181	15.6	217	4.34	10.7	7.2	188	24.7	142	9.1	208	18	104
22,143.4	193	5.4	276	7.1	146	28.4	84	4.22	9.3	8.1	168	25.6	130	10.4	173	25	105
86,679.0	51	9.7	152	14.5	28	24.9	101	2.97	9.6	13.0	90	23.8	146	17.2	52	4	106
2,116.2	440	0.6	443	2.9	331	8.9	363	4.57	(3.0)	5.2	213	22.5	157	3.4	316	68	107
6,068.7	366	2.0	400	4.8	242	11.2	304	3.89	21.2	20.6	32	(1.0)	365	9.2	206	68	108
—		2.5	378	0.3	453	3.6	428	—	—	—		—		—		35	109
93,651.4	45	17.3	57	13.9	32	37.0	54	4.82	(13.2)	10.4	121	(0.1)	358	14.6	84	23	110
28,899.0	156	5.9	263	1.9	379	7.2	393	1.88	(6.0)	(3.8)	300	40.4	54	2.3	328	65	111
34,749.6	125	13.6	84	3.6	304	14.9	229	10.70	9.9	21.5	30	19.6	191	13.8	98	38	112
114,380.5	35	30.1	5	16.4	13	20.3	150	4.65	18.9	16.3	54	2.2	342	7.4	258	45	113
23,463.7	184	2.1	393	1.9	376	10.9	310	1.29	(58.5)	—		14.2	244	5.9	287	47	114
56,250.2	81	2.4	383	1.1	410	1.8	448	0.79	(89.2)	(13.1)	328	(9.3)	402	13.4	108	43	115
54,361.5	84	7.3	218	1.6	384	4.6	422	2.66	(29.3)	(5.4)	309	26.3	124	11.9	131	65	116

117-164 /500

NO. 158
PACCAR

Truck manufacturer Paccar cruised to a new high of nearly $19 billion in revenue last year as low fuel prices and record freight tonnage for truckers fattened the wallets of the company's customers. —*C.G.*

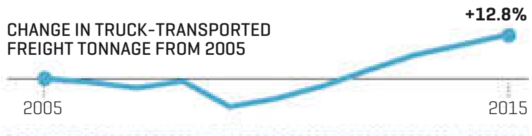
RANK 2014	2013	Company	REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
117	118	**RITE AID** *Camp Hill, Pa.* [21]	25,526.4	0.5	249.4	392	111.2	6,944.9	392	(2,113.7)	491
118	250	**GILEAD SCIENCES** *Foster City, Calif.*	24,890.0	122.2	12,101.0	13	293.6	34,664.0	158	15,426.0	106
119	132	**BAKER HUGHES** *Houston, Texas*	24,551.0	9.8	1,719.0	146	56.8	28,827.0	184	18,625.0	86
120	121	**EMERSON ELECTRIC** *St. Louis, Mo.* [2]	24,537.0	(0.5)	2,147.0	114	7.1	24,177.0	201	10,119.0	155
121	128	**EMC** *Hopkinton, Mass.*	24,440.0	5.2	2,714.0	87	(6.1)	45,885.0	123	21,896.0	63
122	141	**UNITED SERVICES AUTOMOBILE ASSN.** *San Antonio, Texas* [16]	24,032.7	14.6	3,409.6	67	25.1	130,253.2	53	26,585.8	49
123	135	**UNION PACIFIC** *Omaha, Neb.*	23,988.0	9.2	5,180.0	42	18.0	52,716.0	106	21,189.0	69
124	122	**NORTHROP GRUMMAN** *Falls Church, Va.*	23,979.0	(2.8)	2,069.0	120	6.0	26,572.0	192	7,235.0	194
125	130	**ALCOA** *New York, N.Y.*	23,906.0	3.8	268.0	386	—	37,399.0	143	12,306.0	125
126	124	**CAPITAL ONE FINANCIAL** *McLean, Va.*	23,877.0[¶]	(1.2)	4,428.0	52	6.5	308,854.0	19	45,053.0	28
127	131	**NATIONAL OILWELL VARCO** *Houston, Texas*	23,141.0[¶]	1.2	2,502.0	95	7.5	33,562.0	165	20,692.0	71
128	133	**US FOODS** *Rosemont, Ill.*	23,019.8	3.2	(72.9)	468	—	9,057.1	344	1,664.7	392
129	126	**RAYTHEON** *Waltham, Mass.*	22,826.0	(3.7)	2,244.0	109	12.4	27,900.0	187	9,525.0	161
130	134	**TIME WARNER CABLE** *New York, N.Y.*	22,812.0	3.1	2,031.0	125	3.9	48,501.0	119	8,013.0	180
131	138	**ARROW ELECTRONICS** *Centennial, Colo.*	22,768.7	6.6	498.0	315	24.7	12,442.9	300	4,154.0	278
132	125	**AFLAC** *Columbus, Ga.*	22,728.0	(5.1)	2,951.0	75	(6.6)	119,767.0	56	18,347.0	88
133	127	**STAPLES** *Framingham, Mass.* [1]	22,492.4	(3.5)	134.5	427	(78.3)	10,313.7	324	5,305.1	236
134	136	**ABBOTT LABORATORIES** *Abbott Park, Ill.*	22,323.0[¶]	2.2	2,284.0	107	(11.3)	41,275.0	134	21,526.0	67
135	192	**COMMUNITY HEALTH SYSTEMS** *Franklin, Tenn.*	21,987.0[¶]	45.8	92.0	442	(34.8)	27,421.0	190	4,003.0	282
136	109	**FLUOR** *Irving, Texas*	21,531.6	(21.3)	510.9	310	(23.5)	8,194.4	360	3,110.9	316
137	142	**FREEPORT-MCMORAN** *Phoenix, Ariz.* [22]	21,438.0	2.5	(1,308.0)	494	(149.2)	58,795.0	96	18,287.0	89
138	140	**U.S. BANCORP** *Minneapolis, Minn.*	21,392.0	1.6	5,851.0	38	0.3	402,529.0	15	43,479.0	31
139	150	**NUCOR** *Charlotte, N.C.*	21,105.1	10.8	713.9	253	46.3	15,615.9	261	7,772.5	185
140	139	**KIMBERLY-CLARK** *Irving, Texas*	21,044.0[¶]	(0.5)	1,526.0	157	(28.8)	15,526.0	263	729.0	448
141	84	**HESS** *New York, N.Y.*	21,015.0[¶,E]	(42.7)	2,317.0	105	(54.1)	38,578.0	141	22,205.0	62
142	163	**CHESAPEAKE ENERGY** *Oklahoma City, Okla.* [23]	20,951.0	19.7	1,917.0	133	164.8	40,751.0	135	16,903.0	96
143	137	**XEROX** *Norwalk, Conn.*	20,905.0[¶]	(4.3)	969.0	213	(16.4)	27,658.0	188	10,634.0	148
144	144	**MANPOWERGROUP** *Milwaukee, Wis.*	20,762.8	2.5	427.6	335	48.5	7,182.5	384	2,943.0	322
145	154	**AMGEN** *Thousand Oaks, Calif.*	20,063.0	7.4	5,158.0	43	1.5	69,009.0	83	25,778.0	51
146	152	**ABBVIE** *North Chicago, Ill.*	19,960.0	6.2	1,774.0	141	(57.0)	27,547.0	189	1,742.0	387
147	149	**DANAHER** *Washington, D.C.*	19,913.8	4.2	2,598.4	90	(3.6)	36,991.7	148	23,378.1	57
148	153	**WHIRLPOOL** *Benton Harbor, Mich.*	19,872.0	5.9	650.0	272	(21.4)	20,002.0	228	4,885.0	253
149	148	**PBF ENERGY** *Parsippany, N.J.*	19,828.2[E]	3.5	(38.2)	465	(196.7)	5,196.3	432	1,218.2	421
150	145	**HOLLYFRONTIER** *Dallas, Texas*	19,764.3[E]	(2.0)	281.3	380	(61.8)	9,230.6	338	5,523.6	230
151	129	**ELI LILLY** *Indianapolis, Ind.*	19,615.6	(15.1)	2,390.5	102	(49.0)	37,178.2	146	15,373.2	108
152	270	**DEVON ENERGY** *Oklahoma City, Okla.*	19,566.0	88.2	1,607.0	154	—	50,637.0	111	21,539.0	66
153	157	**PROGRESSIVE** *Mayfield Village, Ohio*	19,391.4	6.7	1,281.0	175	9.9	25,787.6	196	6,928.6	201
154	168	**CUMMINS** *Columbus, Ind.*	19,221.0	11.1	1,651.0	148	11.3	15,776.0	260	7,749.0	187
155	143	**ICAHN ENTERPRISES** *New York, N.Y.* [P]	19,157.0[E]	(7.4)	(373.0)	483	(136.4)	35,780.0	152	5,443.0	232
156	162	**AUTONATION** *Fort Lauderdale, Fla.*	19,108.8	9.1	418.7	337	11.7	8,399.7	355	2,072.1	361
157	151	**KOHL'S** *Menomonee Falls, Wis.* [1]	19,023.0	(0.0)	867.0	224	(2.5)	14,431.0	278	5,991.0	221
158	169	**PACCAR** *Bellevue, Wash.*	18,997.0	10.9	1,358.8	169	16.0	20,618.8	223	6,753.2	205
159	164	**DOLLAR GENERAL** *Goodlettsville, Tenn.* [1]	18,909.6	8.0	1,065.3	199	3.9	11,224.1	310	5,710.0	224
160	113	**HARTFORD FINANCIAL SERVICES GROUP** *Hartford, Conn.*	18,847.0[¶]	(28.4)	798.0	237	353.4	245,013.0	26	18,720.0	85
161	160	**SOUTHWEST AIRLINES** *Dallas, Texas*	18,605.0	5.1	1,136.0	191	50.7	20,200.0	226	6,775.0	204
162	202	**ANADARKO PETROLEUM** *The Woodlands, Texas*	18,470.0	26.7	(1,750.0)	497	(318.5)	61,689.0	92	19,725.0	81
163	170	**SOUTHERN** *Atlanta, Ga.*	18,467.0	8.1	1,963.0	130	19.4	70,923.0	81	19,949.0	78
164	94	**SUPERVALU** *Eden Prairie, Minn.* [21]	18,390.0[¶]	(46.4)	182.0	414	—	4,374.0	445	(738.0)	486

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

FREIGHT KEEPS ON TRUCKIN'

More goods are being transported across the U.S. by long-haul trucks as the economy continues to regain its footing.

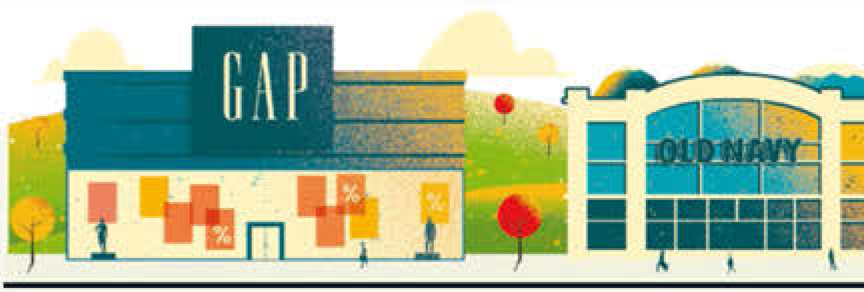
CHANGE IN TRUCK-TRANSPORTED FREIGHT TONNAGE FROM 2005



GRAPHIC SOURCE: U.S. DEPARTMENT OF TRANSPORTATION

MARKET VALUE 3/31/15		PROFITS AS % OF ...						EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS					
		Revenues		Assets		Stockholders' equity		2014	% change from 2013	2004–2014 annual growth rate		2014		2004–2014 annual rate		Industry table number	RANK 2014
$ millions	Rank	%	Rank	%	Rank	%	Rank	$		%	Rank	%	Rank	%	Rank		
8,532.1	332	1.0	433	3.6	303	—		0.23	91.7	7.7	176	48.6	30	7.5	255	20	117
145,532.9	28	48.6	1	34.9	1	78.4	19	7.35	306.1	40.4	5	25.5	132	26.8	7	49	118
27,627.2	164	7.0	225	6.0	187	9.2	354	3.92	58.7	9.5	133	2.5	336	3.9	313	46	119
38,796.1	111	8.8	174	8.9	97	21.2	140	3.03	9.8	7.4	185	(9.6)	403	8.8	224	15	120
50,815.5	89	11.1	119	5.9	193	12.4	280	1.32	(0.8)	13.9	79	20.1	184	7.4	257	9	121
—		14.2	76	2.6	344	12.8	270	—	—	—		—		—		38	122
95,451.9	44	21.6	30	9.8	78	24.4	108	5.75	22.1	25.9	17	44.5	39	23.8	13	52	123
31,935.4	138	8.6	177	7.8	124	28.6	79	9.75	16.8	12.6	94	31.3	85	14.6	83	2	124
15,791.4	230	1.1	426	0.7	434	2.2	441	0.21	—	(17.8)	331	49.8	26	(5.0)	366	42	125
43,308.3	100	18.5	47	1.4	396	9.8	334	7.59	9.1	2.0	250	9.4	282	1.1	339	8	126
20,492.7	202	10.8	127	7.5	134	12.1	283	5.82	7.0	24.2	23	(6.6)	393	16.1	60	46	127
—		(0.3)	467	(0.8)	471	(4.4)	457	—	—	—		—		—		69	128
33,575.0	130	9.8	149	8.0	116	23.6	114	7.18	16.6	22.5	26	22.3	160	13.7	99	2	129
42,101.3	104	8.9	167	4.2	271	25.3	98	7.17	7.0	—		14.6	239	—		59	130
5,848.6	369	2.2	392	4.0	285	12.0	287	4.98	29.4	11.0	111	6.7	301	9.1	213	68	131
28,062.4	160	13.0	94	2.5	352	16.1	212	6.50	(3.8)	9.9	125	(6.3)	392	6.7	270	36	132
10,430.3	291	0.6	444	1.3	402	2.5	438	0.21	(77.7)	(13.9)	330	18.6	200	(0.2)	348	58	133
69,910.9	65	10.2	140	5.5	209	10.6	314	1.49	(8.0)	(3.2)	299	20.0	185	10.2	177	41	134
6,104.1	365	0.4	452	0.3	450	2.3	440	0.82	(45.7)	(5.9)	313	37.3	61	6.9	264	27	135
8,426.9	336	2.4	384	6.2	172	16.4	208	3.20	(21.2)	11.0	112	(23.7)	444	9.4	202	17	136
19,705.4	204	(6.1)	489	(2.2)	480	(7.2)	463	(1.26)	(147.7)	—		(35.7)	460	5.9	288	43	137
77,850.7	56	27.4	13	1.5	393	13.5	256	3.08	2.7	3.5	236	13.9	247	7.0	262	8	138
15,164.3	239	3.4	341	4.6	255	9.2	356	2.22	46.1	(4.5)	304	(5.4)	386	10.2	178	42	139
39,116.6	110	7.3	220	9.8	77	209.3	7	4.04	(26.9)	1.1	264	18.9	197	10.0	183	32	140
19,399.6	207	11.0	122	6.0	185	10.4	320	7.53	(49.2)	9.0	150	(10.0)	404	11.3	148	48	141
9,416.9	310	9.1	163	4.7	248	11.3	299	1.87	156.2	2.0	250	(22.7)	442	3.5	314	43	142
14,291.8	252	4.6	300	3.5	306	8.9	364	0.81	(11.0)	(0.6)	282	16.2	226	(0.6)	353	34	143
6,745.9	358	2.1	395	6.0	188	14.5	235	5.30	46.4	7.4	183	(19.5)	436	5.0	302	60	144
121,304.0	32	25.7	16	7.5	132	20.0	156	6.70	0.9	14.0	78	42.2	45	10.2	176	49	145
93,204.2	46	8.9	169	6.4	164	101.8	14	1.10	(57.0)	—		27.7	109	—		49	146
60,034.1	76	13.0	93	7.0	149	11.1	307	3.63	(4.5)	12.2	98	11.5	264	11.8	136	54	147
15,781.4	231	3.3	348	3.2	311	13.3	259	8.17	(20.2)	3.3	238	25.8	129	13.6	103	15	148
3,092.0	423	(0.2)	464	(0.7)	469	(3.1)	454	(0.51)	(142.5)	—		(11.8)	412	—		48	149
7,879.2	344	1.4	420	3.0	320	5.1	417	1.42	(61.0)	8.1	170	(18.8)	434	22.7	15	48	150
80,721.7	54	12.2	104	6.4	165	15.5	221	2.23	(48.4)	3.0	241	39.5	55	6.2	281	49	151
24,793.4	178	8.2	190	3.2	317	7.5	387	3.91	—	(1.1)	289	0.3	353	5.7	294	43	152
15,981.8	226	6.6	238	5.0	238	18.5	176	2.15	11.4	1.2	262	5.4	310	5.8	292	38	153
25,136.3	175	8.6	179	10.5	67	21.3	139	9.02	14.0	17.2	43	4.2	320	23.1	14	12	154
11,037.5	283	(1.9)	476	(1.0)	472	(6.9)	461	(3.08)	(134.0)	—		(9.2)	401	15.4	72	48	155
7,306.5	353	2.2	391	5.0	236	20.2	152	3.52	15.8	8.3	165	21.6	166	12.1	126	5	156
15,869.3	228	4.6	304	6.0	184	14.5	237	4.24	4.7	7.2	191	10.5	271	3.2	318	25	157
22,384.1	190	7.2	223	6.6	160	20.1	154	3.82	15.8	5.2	214	18.2	203	10.0	185	44	158
22,871.5	187	5.6	270	9.5	89	18.7	171	3.49	10.1	—		17.2	217	—		25	159
17,604.2	218	4.2	320	0.3	452	4.3	423	1.73	408.8	(13.2)	329	17.1	221	(3.0)	361	38	160
29,946.5	148	6.1	256	5.6	204	16.8	199	1.64	56.2	15.7	62	126.4	1	10.3	174	3	161
42,686.7	102	(9.5)	492	(2.8)	482	(8.9)	466	(3.47)	(319.6)	—		5.1	314	10.6	170	43	162
40,289.4	108	10.6	131	2.8	335	9.8	333	2.18	16.6	0.6	270	25.1	134	8.9	220	65	163
3,038.8	425	1.0	432	4.2	274	—		0.70	—	(10.3)	322	33.1	76	(9.8)	380	20	164

165-212 /500



NO. 188
GAP

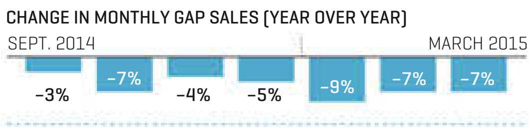
Anemic results at Gap last year were due mostly to the struggles of its flagship brand. After a fashion refresh and "Dress Normal" ad campaign fell flat, creative director Rebekka Bay departed in early 2015. —C.G.

RANK 2014	2013		REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
165	156	**KRAFT FOODS GROUP** *Northfield, Ill.*	18,205.0	(0.1)	1,043.0	203	(61.6)	22,947.0	211	4,365.0	267
166	147	**GOODYEAR TIRE & RUBBER** *Akron, Ohio*	18,138.0	(7.2)	2,452.0	99	289.8	18,109.0	240	3,610.0	302
167	203	**EOG RESOURCES** *Houston, Texas*	18,035.3	24.5	2,915.5	79	32.7	34,762.7	157	17,712.6	91
168	158	**CENTURYLINK** *Monroe, La.*	18,031.0	(0.4)	772.0	242	–	50,147.0	114	15,023.0	110
169	161	**ALTRIA GROUP** *Richmond, Va.*	17,945.0[E]	1.6	5,070.0	44	11.8	34,475.0	160	3,014.0	317
170	229	**TENET HEALTHCARE** *Dallas, Texas*	17,924.0¶	48.4	12.0	459	–	18,141.0	239	651.0	457
171	159	**GENERAL MILLS** *Minneapolis, Minn.* [15]	17,909.6	0.8	1,824.4	139	(1.7)	23,145.7	209	6,534.8	210
172	180	**EBAY** *San Jose, Calif.*	17,902.0	11.6	46.0	454	(98.4)	45,132.0	126	19,906.0	80
173	184	**CONAGRA FOODS** *Omaha, Neb.* [15]	17,772.9¶	14.7	303.1	372	(60.8)	19,366.4	231	5,258.5	242
174	177	**LEAR** *Southfield, Mich.*	17,727.3	9.2	672.4	265	55.9	9,150.2	340	2,958.8	320
175	165	**TRW AUTOMOTIVE HOLDINGS** *Livonia, Mich.*	17,539.0	0.6	293.0	375	(69.8)	11,294.0	307	3,842.0	289
176	166	**UNITED STATES STEEL** *Pittsburgh, Pa.*	17,507.0	0.5	102.0	439	–	12,314.0	302	3,799.0	291
177	194	**PENSKE AUTOMOTIVE GROUP** *Bloomfield Hills, Mich.*	17,438.9¶	16.5	286.7	377	17.4	7,228.2	382	1,652.8	395
178	174	**AES** *Arlington, Va.*	17,378.0¶	4.8	769.0	244	574.6	38,966.0	140	4,272.0	271
179	167	**COLGATE-PALMOLIVE** *New York, N.Y.*	17,277.0	(0.8)	2,180.0	112	(2.7)	13,459.0	284	1,145.0	426
180	146	**GLOBAL PARTNERS** *Waltham, Mass.* [P]	17,270.0	(11.8)	114.7	435	169.2	2,040.0	489	586.9	461
181	215	**THERMO FISHER SCIENTIFIC** *Waltham, Mass.*	17,099.6¶	30.6	1,894.4	134	48.8	42,852.1	131	20,548.1	74
182	183	**PG&E CORP.** *San Francisco, Calif.*	17,090.0	9.6	1,436.0	167	76.4	60,127.0	94	15,748.0	102
183	191	**NEXTERA ENERGY** *Juno Beach, Fla.*	17,021.0	12.5	2,465.0	98	29.2	74,929.0	79	19,916.0	79
184	186	**AMERICAN ELECTRIC POWER** *Columbus, Ohio*	17,020.0	10.8	1,634.0	149	10.4	59,633.0	95	16,820.0	97
185	189	**BAXTER INTERNATIONAL** *Deerfield, Ill.*	16,972.0¶	11.2	2,497.0	96	24.1	25,917.0	195	8,120.0	179
186	251	**CENTENE** *St. Louis, Mo.*	16,588.0	49.0	271.0	385	64.1	5,838.0	417	1,744.0	386
187	196	**STARBUCKS** *Seattle, Wash.* [2]	16,447.8	10.4	2,068.1	121	24,816.9	10,752.9	319	5,272.0	240
188	178	**GAP** *San Francisco, Calif.* [1]	16,435.0	1.8	1,262.0	177	(1.4)	7,690.0	369	2,983.0	319
189	181	**BANK OF NEW YORK MELLON CORP.** *New York, N.Y.*	16,386.0	4.4	2,567.0	92	21.6	385,303.0	16	37,441.0	36
190	302	**MICRON TECHNOLOGY** *Boise, Idaho* [7]	16,358.0	80.3	3,045.0	72	155.9	22,498.0	213	10,771.0	144
191	155	**JABIL CIRCUIT** *St. Petersburg, Fla.* [7]	16,348.8¶	(10.8)	241.3	398	(35.0)	8,479.7	353	2,241.8	351
192	172	**PNC FINANCIAL SERVICES GROUP** *Pittsburgh, Pa.*	16,281.0	(3.5)	4,184.0	55	(0.9)	345,072.0	18	44,551.0	30
193	206	**KINDER MORGAN** *Houston, Texas*	16,226.0	15.3	1,026.0	207	(14.0)	83,198.0	75	34,076.0	40
194	248	**OFFICE DEPOT** *Boca Raton, Fla.*	16,096.0	43.2	(354.0)	482	–	6,844.0	394	1,621.0	397
195	176	**BRISTOL-MYERS SQUIBB** *New York, N.Y.*	15,879.0	(3.1)	2,004.0	127	(21.8)	33,749.0	164	14,852.0	113
196	244	**NRG ENERGY** *Princeton, N.J.*	15,868.0	40.5	134.0	428	–	40,665.0	136	9,762.0	159
197	197	**MONSANTO** *St. Louis, Mo.* [7]	15,855.0	6.7	2,740.0	86	10.4	21,981.0	216	7,875.0	183
198	190	**PPG INDUSTRIES** *Pittsburgh, Pa.*	15,607.0¶	2.6	2,102.0	116	(34.9)	17,583.0	248	5,180.0	244
199	205	**GENUINE PARTS** *Atlanta, Ga.*	15,341.6	9.0	711.3	254	3.8	8,246.2	359	3,301.2	311
200	201	**OMNICOM GROUP** *New York, N.Y.*	15,317.8	5.0	1,104.0	193	11.4	21,559.7	218	2,850.0	327
201	171	**ILLINOIS TOOL WORKS** *Glenview, Ill.*	15,282.0¶	(9.6)	2,946.0	76	75.5	17,678.0	247	6,819.0	202
202	175	**MURPHY USA** *El Dorado, Ark.*	15,279.3[E]	(7.8)	243.9	396	3.8	1,934.3	493	858.7	442
203	199	**LAND O'LAKES** *Arden Hills, Minn.* [C]	15,198.8¶	3.5	266.5	389	(12.9)	6,991.9	391	1,429.5	408
204	281	**WESTERN REFINING** *El Paso, Texas*	15,153.6[E]	50.2	559.9	292	102.9	5,682.6	420	1,119.7	428
205	187	**WESTERN DIGITAL** *Irvine, Calif.* [9]	15,130.0	(1.4)	1,617.0	152	65.0	15,499.0	264	8,842.0	166
206	195	**FIRSTENERGY** *Akron, Ohio*	15,054.0¶	0.7	299.0	373	(23.7)	52,166.0	108	12,420.0	123
207	209	**ARAMARK** *Philadelphia, Pa.* [2,24]	14,832.9	6.4	149.0	420	114.8	10,455.7	321	1,718.0	388
208	204	**DISH NETWORK** *Englewood, Colo.*	14,643.4	1.6	944.7	216	17.0	22,107.5	215	2,013.0	366
209	211	**LAS VEGAS SANDS** *Las Vegas, Nev.*	14,583.8	5.9	2,840.6	82	23.2	22,361.7	214	7,213.6	195
210	198	**KELLOGG** *Battle Creek, Mich.*	14,580.0	(1.4)	632.0	278	(65.0)	15,153.0	269	2,789.0	331
211	193	**LOEWS** *New York, N.Y.*	14,572.0¶	(3.2)	591.0	286	(0.7)	78,367.0	78	19,280.0	83
212	182	**CBS** *New York, N.Y.*	14,483.0¶	(7.7)	2,959.0	74	57.5	24,072.0	202	6,970.0	199

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

FALLING OUT OF FASHION

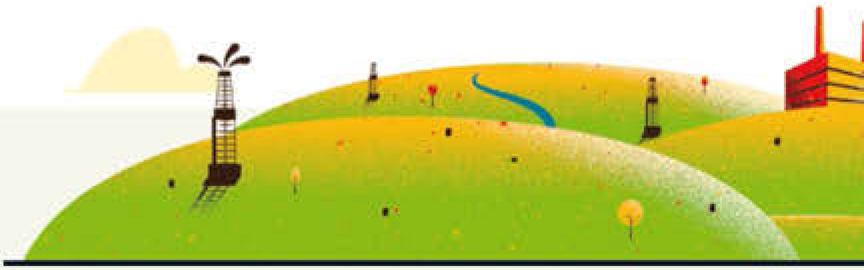
Recently the company's **BANANA REPUBLIC** and **OLD NAVY** brands have outpaced **GAP**, which has seen months of year-over-year sales declines.



GRAPHIC SOURCE: COMPANY FILINGS

MARKET VALUE 3/31/15 $ millions	Rank	PROFITS AS % OF ... Revenues %	Revenues Rank	Assets %	Assets Rank	Stockholders' equity %	Stockholders' equity Rank	EARNINGS PER SHARE 2014 $	% change from 2013	2004–2014 annual growth rate %	2004–2014 Rank	TOTAL RETURN TO INVESTORS 2014 %	2014 Rank	2004–2014 annual rate %	2004–2014 Rank	Industry table number	RANK 2014
51,222.6	88	5.7	267	4.5	256	23.9	112	1.74	(61.4)	–		20.7	177	–		21	165
7,305.2	354	13.5	86	13.5	35	67.9	23	8.78	285.1	30.1	7	20.8	174	7.0	261	44	166
50,286.9	90	16.2	63	8.4	107	16.5	205	5.32	32.3	15.2	66	10.3	273	18.5	39	43	167
19,572.0	205	4.3	316	1.5	385	5.1	416	1.36	–	(5.6)	311	31.8	83	6.5	275	59	168
98,505.2	43	28.3	9	14.7	25	168.2	9	2.56	13.3	(5.6)	312	34.6	69	19.9	29	61	169
4,909.1	386	0.1	459	0.1	460	1.8	446	0.12	–	–		20.3	181	1.4	337	27	170
33,738.7	129	10.2	142	7.9	121	27.9	88	2.83	1.4	7.5	180	10.3	274	11.1	153	21	171
69,945.7	64	0.3	454	0.1	459	0.2	450	0.04	(98.2)	(23.3)	336	2.3	340	(0.4)	352	39	172
15,600.2	233	1.7	408	1.6	383	5.8	409	0.70	(62.2)	(7.5)	318	11.0	266	5.8	290	21	173
8,553.7	331	3.8	332	7.3	137	22.7	122	8.23	64.9	–		22.2	161	–		44	174
12,054.8	273	1.7	410	2.6	345	7.6	384	2.54	(67.6)	24.2	22	38.3	56	17.4	49	44	175
3,554.1	413	0.6	445	0.8	426	2.7	437	0.69	–	(22.2)	334	(8.7)	398	(5.4)	368	42	176
4,650.8	394	1.6	411	4.0	287	17.3	188	3.17	17.4	10.0	124	5.8	306	14.3	90	5	177
9,036.2	318	4.4	309	2.0	375	18.0	183	1.06	606.7	8.9	151	(3.8)	376	0.4	344	65	178
62,897.0	72	12.6	98	16.2	15	190.4	8	2.36	(0.8)	7.3	186	8.4	291	13.0	113	32	179
1,078.6	459	0.7	441	5.6	205	19.5	163	3.95	178.2	–		(0.9)	364	–		67	180
53,303.8	85	11.1	121	4.4	261	9.2	355	4.71	35.3	8.1	171	13.1	254	15.5	70	54	181
25,370.9	172	8.4	186	2.4	358	9.1	357	3.06	67.2	(11.7)	325	37.7	59	8.8	222	65	182
46,211.1	95	14.5	75	3.3	309	12.4	281	5.60	25.3	8.6	158	27.9	107	14.8	77	65	183
27,528.9	166	9.6	154	2.7	338	9.7	338	3.34	9.9	2.0	252	34.9	66	10.6	168	65	184
37,231.9	116	14.7	73	9.6	86	30.8	69	4.56	24.6	21.9	28	8.4	293	10.1	180	41	185
8,399.4	337	1.6	413	4.6	253	15.5	222	2.25	53.1	16.0	58	76.2	9	13.9	97	26	186
71,006.1	60	12.6	99	19.2	7	39.2	49	1.36	27,000.0	19.0	38	6.2	303	10.9	157	23	187
18,145.4	214	7.7	207	16.4	12	42.3	43	2.87	4.7	9.0	149	10.2	276	9.1	210	57	188
44,853.1	96	15.7	64	0.7	436	6.9	397	2.15	23.6	1.5	259	18.3	202	4.1	311	8	189
29,227.5	155	18.6	46	13.5	36	28.3	85	2.54	124.8	26.6	14	61.0	16	11.0	155	56	190
4,517.6	395	1.5	417	2.8	332	10.8	312	1.19	(33.5)	3.9	233	27.2	114	0.1	346	56	191
48,549.1	91	25.7	17	1.2	407	9.4	348	7.30	(1.2)	5.7	210	20.3	182	7.6	250	8	192
90,622.6	49	6.3	250	1.2	405	3.0	433	0.89	(22.6)	–		23.0	154	–		50	193
5,003.9	384	(2.2)	479	(5.2)	486	(21.8)	471	(0.66)	–	–		62.1	15	(6.8)	371	58	194
107,500.2	37	12.6	97	5.9	190	13.5	254	1.20	(22.1)	(0.1)	275	14.2	242	13.6	102	49	195
8,493.4	333	0.8	437	0.3	451	1.4	449	0.23	–	(13.0)	327	(4.5)	381	4.6	306	16	196
54,389.0	83	17.3	58	12.5	46	34.8	58	5.22	13.5	26.6	15	4.1	321	17.2	50	7	197
30,763.1	143	13.5	87	12.0	54	40.6	46	15.03	(32.5)	14.3	73	23.4	149	16.2	59	7	198
14,230.1	254	4.6	299	8.6	99	21.5	134	4.61	4.8	7.4	181	31.5	84	12.9	115	67	199
19,239.3	208	7.2	222	5.1	229	38.7	50	4.24	14.3	8.1	169	6.8	299	8.2	235	1	200
36,264.6	122	19.3	44	16.7	11	43.2	40	7.28	94.7	12.7	92	15.0	235	9.9	188	33	201
3,295.6	420	1.6	415	12.6	44	28.4	83	5.26	4.8	–		65.7	10	–		58	202
–		1.8	407	3.8	292	18.6	173	–	–	–		–		–		21	203
4,714.8	392	3.7	336	9.9	76	50.0	33	5.61	101.1	–		(4.0)	378	–		48	204
21,026.2	201	10.7	129	10.4	68	18.3	177	6.68	67.8	25.3	18	34.0	72	26.7	8	9	205
14,766.6	243	2.0	399	0.6	441	2.4	439	0.71	(24.5)	(12.4)	326	23.4	150	4.4	308	65	206
7,496.2	351	1.0	431	1.4	397	8.7	370	0.63	–	–		20.1	183	–		14	207
32,355.8	136	6.5	245	4.3	268	46.9	36	2.04	15.9	16.1	57	25.8	128	11.6	142	59	208
43,950.0	98	19.5	43	12.7	43	39.4	48	3.52	26.2	8.8	154	(24.1)	446	3.3	317	31	209
23,490.7	183	4.3	311	4.2	273	22.7	123	1.75	(64.6)	(2.0)	295	10.4	272	6.8	265	21	210
15,236.8	238	4.1	328	0.8	430	3.1	432	1.55	1.3	(1.9)	294	(12.4)	417	6.7	271	38	211
30,149.6	146	20.4	39	12.3	49	42.5	42	5.27	75.1	–		(12.4)	419	9.4	203	18	212

213-260 /500



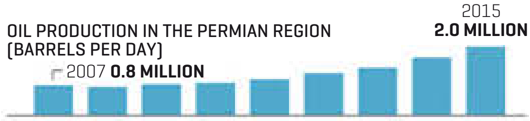
NO. 218
APACHE The oil-and-gas producer's biggest growth area is the Permian Basin, located in West Texas and east New Mexico. Apache is one of the largest players in the region, with more than 14,500 producing wells. — *C.G.*

RANK 2014	2013		REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
213	213	**ECOLAB** *St. Paul, Minn.*	14,280.5	7.7	1,202.8	181	24.3	19,466.7	230	7,315.9	193
214	218	**WHOLE FOODS MARKET** *Austin, Texas* [2]	14,194.0	9.9	579.0	289	5.1	5,744.0	418	3,813.0	290
215	208	**CHUBB** *Warren, N.J.*	14,098.0	1.1	2,100.0	118	(10.4)	51,286.0	110	16,296.0	99
216	254	**HEALTH NET** *Woodland Hills, Calif.*	14,008.6	26.7	145.6	421	(14.4)	5,395.9	427	1,709.2	389
217	207	**WASTE MANAGEMENT** *Houston, Texas*	13,996.0	0.1	1,298.0	174	1,224.5	21,412.0	221	5,866.0	222
218	179	**APACHE** *Houston, Texas*	13,938.0[¶]	(13.2)	(5,403.0)	499	(342.1)	55,952.0	98	25,937.0	50
219	228	**TEXTRON** *Providence, R.I.*	13,878.0	14.7	600.0	284	20.5	14,605.0	276	4,272.0	271
220	260	**SYNNEX** *Fremont, Calif.* [25]	13,839.6	27.6	180.0	415	18.3	4,713.0	440	1,653.6	394
221	219	**MARRIOTT INTERNATIONAL** *Bethesda, Md.*	13,796.0	7.9	753.0	247	20.3	6,865.0	393	(2,200.0)	492
222	210	**VIACOM** *New York, N.Y.* [2]	13,783.0	(0.1)	2,391.0	101	(0.2)	23,117.0	210	3,719.0	295
223	232	**LINCOLN NATIONAL** *Radnor, Pa.*	13,554.0	13.2	1,515.0	162	21.8	253,377.0	24	15,740.0	103
224	224	**NORDSTROM** *Seattle, Wash.* [1]	13,506.0	7.7	720.0	252	(1.9)	9,245.0	337	2,440.0	344
225	220	**C.H. ROBINSON WORLDWIDE** *Eden Prairie, Minn.*	13,470.1	5.6	449.7	330	8.1	3,214.3	473	1,047.0	431
226	222	**EDISON INTERNATIONAL** *Rosemead, Calif.*	13,413.0	6.6	1,612.0	153	76.2	50,186.0	113	10,960.0	140
227	188	**MARATHON OIL** *Houston, Texas*	13,297.0[¶]	(13.2)	3,046.0	71	73.8	36,011.0	151	21,020.0	70
228	216	**YUM BRANDS** *Louisville, Ky.*	13,279.0	1.5	1,051.0	201	(3.7)	8,345.0	356	1,547.0	400
229	185	**COMPUTER SCIENCES** *Falls Church, Va.* [4]	13,233.0[¶]	(14.0)	674.0	263	(29.9)	11,389.0	306	3,913.0	286
230	217	**PARKER-HANNIFIN** *Cleveland, Ohio* [9]	13,216.0	1.5	1,041.0	205	9.8	13,274.4	287	6,659.4	208
231	230	**DAVITA HEALTHCARE PARTNERS** *Denver, Colo.*	13,162.0	9.1	723.1	251	14.2	17,942.7	241	5,170.5	245
232	240	**CARMAX** *Richmond, Va.* [21]	13,122.3	14.5	492.6	317	13.4	11,707.2	305	3,317.0	310
233	227	**TEXAS INSTRUMENTS** *Dallas, Texas*	13,045.0	6.9	2,821.0	83	30.5	17,722.0	245	10,390.0	149
234	294	**WELLCARE HEALTH PLANS** *Tampa, Fla.*	12,959.9	36.0	63.7	448	(63.7)	4,495.0	443	1,595.9	399
235	226	**MARSH & MCLENNAN** *New York, N.Y.*	12,951.0	5.6	1,465.0	165	8.0	17,840.0	242	7,054.0	197
236	225	**CONSOLIDATED EDISON** *New York, N.Y.*	12,919.0	4.6	1,092.0	194	2.8	44,308.0	128	12,576.0	122
237	200	**ONEOK** *Tulsa, Okla.*	12,835.7[¶]	(12.1)	314.1	368	17.8	15,304.6	266	592.1	460
238	238	**VISA** *Foster City, Calif.* [2]	12,702.0	7.8	5,438.0	41	9.2	38,569.0	142	27,413.0	46
239	237	**JACOBS ENGINEERING GROUP** *Pasadena, Calif.* [2]	12,695.2	7.4	328.1	363	(22.5)	8,453.7	354	4,469.3	264
240	231	**CSX** *Jacksonville, Fla.*	12,669.0	5.3	1,927.0	132	3.4	33,053.0	168	11,152.0	138
241	242	**ENTERGY** *New Orleans, La.*	12,494.9	9.7	940.7	217	32.1	46,527.9	122	10,007.7	156
242	341	**FACEBOOK** *Menlo Park, Calif.*	12,466.0	58.4	2,940.0	77	96.0	40,184.0	137	36,096.0	37
243	212	**DOMINION RESOURCES** *Richmond, Va.*	12,436.0	(7.4)	1,310.0	172	(22.8)	54,327.0	102	11,555.0	133
244	252	**LEUCADIA NATIONAL** *New York, N.Y.*	12,407.3[¶]	11.6	208.4	408	(44.1)	52,623.9	107	10,302.2	150
245	223	**TOYS "R" US** *Wayne, N.J.* [1]	12,361.0	(1.5)	(292.0)	480	–	7,115.0	387	(1,095.0)	489
246	290	**DTE ENERGY** *Detroit, Mich.*	12,301.0	27.3	905.0	222	36.9	27,974.0	186	8,327.0	176
247	249	**AMERIPRISE FINANCIAL** *Minneapolis, Minn.*	12,296.0	9.5	1,619.0	151	21.4	148,810.0	46	8,124.0	178
248	241	**VF** *Greensboro, N.C.*	12,282.2	7.6	1,047.5	202	(13.4)	9,980.1	329	5,630.9	227
249	233	**PRAXAIR** *Danbury, Conn.*	12,273.0	2.9	1,694.0	147	(3.5)	19,802.0	229	5,623.0	228
250	235	**J.C. PENNEY** *Plano, Texas* [1]	12,257.0	3.4	(771.0)	489	–	10,404.0	323	1,914.0	373
251	243	**AUTOMATIC DATA PROCESSING** *Roseland, N.J.* [9]	12,219.5[¶]	7.8	1,515.9	161	7.8	32,051.7	172	6,670.2	207
252	221	**L-3 COMMUNICATIONS** *New York, N.Y.*	12,124.0	(3.9)	664.0	266	(11.6)	13,836.0	282	5,285.0	239
253	265	**CDW** *Vernon Hills, Ill.*	12,074.5	12.1	244.9	395	84.4	6,099.9	412	936.5	439
254	245	**GUARDIAN LIFE INS. CO. OF AMERICA** *New York, N.Y.*	11,909.3	5.7	445.3	331	64.1	62,059.0	91	5,691.6	225
255	257	**XCEL ENERGY** *Minneapolis, Minn.*	11,686.1	7.1	1,021.3	209	7.7	36,957.9	149	10,214.5	152
256	247	**NORFOLK SOUTHERN** *Norfolk, Va.*	11,624.0	3.4	2,000.0	128	4.7	33,241.0	166	12,408.0	124
257	234	**PPL** *Allentown, Pa.*	11,616.0[¶]	(2.1)	1,737.0	143	53.7	48,864.0	116	13,628.0	117
258	268	**R.R. DONNELLEY & SONS** *Chicago, Ill.*	11,603.4	10.7	117.4	433	(44.4)	7,639.3	371	593.8	459
259	253	**HUNTSMAN** *Salt Lake City, Utah*	11,578.0	4.5	323.0	365	152.3	11,002.0	314	1,778.0	385
260	258	**BED BATH & BEYOND** *Union, N.J.* [21]	11,504.0	5.4	1,022.3	208	(1.5)	6,356.0	402	3,941.3	284

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

TAPPING INTO SOMETHING BIG

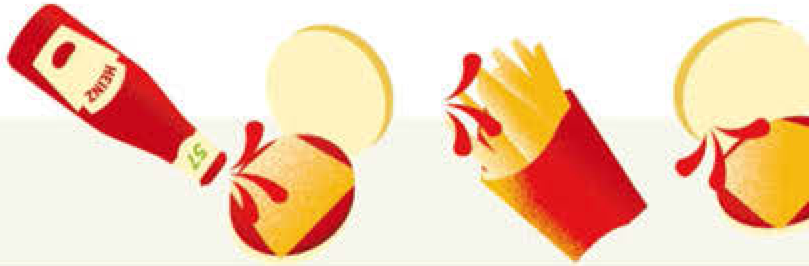
A production boom in the Permian Basin driven by shale oil has continued in recent months despite lower crude prices.



GRAPHIC SOURCE: U.S. ENERGY INFORMATION ADMINISTRATION

MARKET VALUE 3/31/15 $ millions	Rank	PROFITS AS % OF ... Revenues %	Revenues Rank	Assets %	Assets Rank	Stockholders' equity %	Stockholders' equity Rank	EARNINGS PER SHARE 2014 $	% change from 2013	2004–2014 annual growth rate %	2004–2014 annual growth rate Rank	TOTAL RETURN TO INVESTORS 2014 %	2014 Rank	2004–2014 annual rate %	2004–2014 annual rate Rank	Industry table number	RANK 2014
34,010.9	128	8.4	185	6.2	178	16.4	206	3.93	24.4	12.7	93	1.3	348	12.8	116	7	213
18,788.6	209	4.1	326	10.1	73	15.2	227	1.56	6.1	11.6	104	(11.8)	413	9.2	204	20	214
23,305.8	186	14.9	72	4.1	280	12.9	267	8.62	(4.6)	8.0	172	9.4	283	13.0	112	38	215
4,651.9	393	1.0	429	2.7	341	8.5	374	1.80	(15.1)	16.8	49	80.4	6	6.4	279	26	216
24,815.1	177	9.3	161	6.1	180	22.1	131	2.79	1,228.6	5.7	211	18.2	204	9.2	207	66	217
22,733.8	188	(38.8)	499	(9.7)	494	(20.8)	470	(14.06)	(355.6)	–		(26.3)	448	2.9	319	43	218
12,279.8	272	4.3	312	4.1	279	14.0	245	2.13	21.7	5.0	219	14.8	237	2.4	326	2	219
3,052.2	424	1.3	421	3.8	291	10.9	308	4.57	49.3	–		16.2	225	–		68	220
22,211.9	192	5.5	275	11.0	62	–		2.54	27.0	7.5	179	59.9	18	11.3	149	31	221
27,713.5	163	17.3	56	10.3	69	64.3	25	5.43	12.2	–		(12.8)	420	–		18	222
14,732.2	244	11.2	118	0.6	440	9.6	339	5.67	25.4	3.7	235	13.2	253	4.1	312	36	223
15,293.4	236	5.3	278	7.8	123	29.5	75	3.72	0.3	10.4	122	31.0	90	15.1	73	25	224
10,826.0	288	3.3	344	14.0	31	43.0	41	3.05	15.1	14.4	72	31.3	87	12.4	122	62	225
20,353.4	203	12.0	107	3.2	314	14.7	232	4.89	75.9	5.8	207	45.1	36	10.6	169	65	226
17,622.8	216	22.9	23	8.5	106	14.5	236	4.46	80.6	9.1	146	(17.9)	432	12.0	129	43	227
34,116.8	127	7.9	199	12.6	45	67.9	22	2.32	(1.7)	6.7	199	(1.6)	368	13.9	96	23	228
9,207.5	314	5.1	283	5.9	191	17.2	191	4.47	(27.7)	5.0	221	14.5	240	2.0	332	34	229
16,920.8	223	7.9	203	7.8	122	15.6	218	6.87	9.7	13.5	86	1.9	343	11.6	139	33	230
17,540.2	219	5.5	272	4.0	282	14.0	247	3.33	12.9	11.9	102	19.5	192	14.4	86	27	231
14,492.9	247	3.8	334	4.2	269	14.9	230	2.16	15.5	14.7	71	41.6	46	15.7	66	5	232
59,880.8	77	21.6	28	15.9	17	27.2	92	2.57	34.6	9.4	137	25.0	136	9.9	187	56	233
4,019.7	405	0.5	449	1.4	398	4.0	426	1.44	(63.8)	(0.8)	286	16.5	224	9.7	194	26	234
30,199.3	145	11.3	115	8.2	111	20.8	146	2.65	9.1	23.2	24	20.8	172	8.6	227	13	235
17,866.2	215	8.5	184	2.5	351	8.7	369	3.71	2.8	5.0	218	24.7	140	9.4	201	65	236
10,053.2	302	2.4	379	2.1	372	53.0	30	1.49	17.3	2.6	245	(4.9)	383	19.1	35	50	237
160,621.0	23	42.8	2	14.1	30	19.8	159	–	–	–		18.6	199	–		19	238
5,794.2	371	2.6	372	3.9	289	7.3	390	2.48	(23.2)	8.2	166	(29.1)	453	6.5	276	17	239
32,841.5	133	15.2	68	5.8	195	17.3	190	1.92	4.9	22.5	27	28.5	103	20.6	27	52	240
13,988.1	256	7.5	213	2.0	374	9.4	347	5.22	30.8	2.9	243	44.6	38	6.7	273	65	241
230,120.8	10	23.6	22	7.3	139	8.1	378	1.10	83.3	–		42.8	44	–		39	242
41,681.3	105	10.5	135	2.4	357	11.3	300	2.24	(23.5)	1.7	256	22.9	155	12.8	117	65	243
8,172.5	341	1.7	409	0.4	447	2.0	444	0.54	(49.1)	(2.1)	296	(20.1)	437	0.6	341	22	244
–		(2.4)	481	(4.1)	485	–		–	–	–		–		–		58	245
14,466.1	249	7.4	217	3.2	312	10.9	309	5.10	35.6	7.4	182	34.8	67	12.3	123	65	246
23,853.6	181	13.2	92	1.1	411	19.9	157	8.30	28.9	–		17.2	218	–		13	247
32,043.5	137	8.5	181	10.5	66	18.6	174	2.38	(12.2)	8.5	162	22.2	162	21.4	23	4	248
34,847.0	124	13.8	81	8.6	101	30.1	72	5.73	(2.4)	10.6	115	1.7	344	13.5	105	7	249
2,566.1	432	(6.3)	490	(7.4)	492	(40.3)	475	(2.53)	–	–		(29.2)	454	(15.7)	382	25	250
40,692.0	107	12.4	101	4.7	247	22.7	121	3.14	8.7	7.2	187	20.9	171	11.8	132	14	251
10,415.0	292	5.5	274	4.8	245	12.6	276	7.56	(8.3)	8.5	161	20.5	179	7.9	245	2	252
6,424.9	360	2.0	396	4.0	284	26.2	94	1.42	69.0	–		51.5	23	–		34	253
–		3.7	335	0.7	433	7.8	382	–	–	–		–		–		35	254
17,613.3	217	8.7	175	2.8	336	10.0	330	2.03	6.3	8.8	152	33.5	74	11.7	137	65	255
31,526.9	141	17.2	59	6.0	182	16.1	211	6.39	5.8	10.7	114	20.7	176	14.3	89	52	256
22,460.9	189	15.0	71	3.6	305	12.7	273	2.61	48.3	3.3	239	26.3	122	7.5	256	65	257
3,834.4	409	1.0	430	1.5	386	19.8	161	0.59	(48.7)	(3.9)	303	(12.0)	414	(1.7)	358	51	258
5,439.9	378	2.8	360	2.9	325	18.2	179	1.31	147.2	–		(5.5)	388	–		7	259
14,249.5	253	8.9	170	16.1	16	25.9	95	4.79	5.0	13.8	81	(5.1)	384	6.7	272	58	260

261-308 /500



NO. 272
H.J. HEINZ

The ketchup maker's sales slumped as shoppers shunned its Ore-Ida and Smart Ones frozen-food brands. In 2015, Heinz will merge with Kraft to create the world's fifth-largest food and beverage company. — *C.G.*

RANK 2014	2013		REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
261	255	**STANLEY BLACK & DECKER** *New Britain, Conn.*	11,457.0¶	3.8	760.9	245	55.2	15,849.1	259	6,429.1	216
262	263	**L BRANDS** *Columbus, Ohio* [1]	11,454.1	6.3	1,042.0	204	15.4	7,544.0	374	18.0	480
263	246	**LIBERTY INTERACTIVE** *Englewood, Colo.*	11,382.0¶	1.2	537.0	301	7.2	18,641.0	234	5,673.0	226
264	•	**FARMERS INSURANCE EXCHANGE** *Woodland Hills, Calif.*	11,318.1	(1.3)	2.5	462	(95.5)	15,591.3	262	4,181.5	276
265	261	**FIRST DATA** *Atlanta, Ga.*	11,151.8	3.2	(457.8)	486	–	34,269.3	162	(451.9)	483
266	278	**SHERWIN-WILLIAMS** *Cleveland, Ohio*	11,129.5	9.3	865.9	225	15.1	5,706.1	419	996.5	435
267	280	**BLACKROCK** *New York, N.Y.*	11,081.0	8.9	3,294.0	68	12.3	239,808.0	27	27,366.0	47
268	•	**VOYA FINANCIAL** *New York, N.Y.* [26]	11,070.9	26.4	2,299.7	106	283.0	226,951.4	32	16,107.9	101
269	277	**ROSS STORES** *Dublin, Calif.* [1]	11,041.7	7.9	924.7	220	10.4	4,703.1	441	2,279.2	349
270	267	**SEMPRA ENERGY** *San Diego, Calif.*	11,035.0	4.5	1,161.0	184	16.0	39,732.0	139	11,326.0	135
271	279	**ESTÉE LAUDER** *New York, N.Y.* [9]	10,968.8	7.7	1,204.1	180	18.1	7,868.8	365	3,854.9	288
272	239	**H.J. HEINZ** *Pittsburgh, Pa.* [27]	10,922.3	(5.7)	657.1	269	(35.1)	36,762.7	150	15,437.8	105
273	274	**REINSURANCE GROUP OF AMERICA** *Chesterfield, Mo.*	10,904.2	5.7	684.0	258	63.3	44,679.6	127	7,023.5	198
274	284	**PUBLIC SERVICE ENTERPRISE GROUP** *Newark, N.J.*	10,886.0	9.2	1,518.0	160	22.1	35,333.0	155	12,185.0	128
275	286	**CAMERON INTERNATIONAL** *Houston, Texas*	10,809.0¶	9.9	811.0	235	16.0	12,892.0	293	4,555.0	259
276	259	**NAVISTAR INTERNATIONAL** *Lisle, Ill.* [8]	10,806.0	(0.4)	(619.0)	487	–	7,443.0	377	(4,654.0)	493
277	266	**CST BRANDS** *San Antonio, Texas*	10,777.0E	0.3	200.0	409	43.9	3,641.0	461	813.0	445
278	275	**STATE STREET CORP.** *Boston, Mass.*	10,687.0	3.8	2,037.0	124	(4.6)	274,119.0	21	21,473.0	68
279	272	**UNUM GROUP** *Chattanooga, Tenn.*	10,509.7	1.5	413.4	338	(51.8)	62,497.1	89	8,552.4	174
280	289	**HILTON WORLDWIDE HOLDINGS** *McLean, Va.* [28]	10,502.0	7.9	673.0	264	62.2	26,125.0	193	4,752.0	257
281	271	**FAMILY DOLLAR STORES** *Matthews, N.C.* [7]	10,489.3	0.9	284.5	379	(35.9)	3,857.3	457	1,665.7	391
282	298	**PRINCIPAL FINANCIAL** *Des Moines, Iowa*	10,477.6	12.8	1,144.1	189	25.4	219,087.0	33	10,184.0	153
283	299	**RELIANCE STEEL & ALUMINUM** *Los Angeles, Calif.*	10,451.6	13.3	371.5	352	15.5	7,836.6	368	4,099.0	279
284	276	**AIR PRODUCTS & CHEMICALS** *Allentown, Pa.* [2]	10,447.5¶	2.1	991.7	212	(0.3)	17,779.1	243	7,365.8	191
285	304	**ASSURANT** *New York, N.Y.*	10,381.7	14.7	470.9	325	(3.7)	31,562.5	174	5,181.3	243
286	236	**PETER KIEWIT SONS'** *Omaha, Neb.*	10,380.0	(12.2)	350.0	358	(30.0)	6,759.0	397	3,861.0	287
287	292	**HENRY SCHEIN** *Melville, N.Y.*	10,371.4	8.5	466.1	328	8.0	6,138.8	408	2,813.6	330
288	308	**COGNIZANT TECHNOLOGY SOLUTIONS** *Teaneck, N.J.*	10,262.7	16.1	1,439.3	166	17.1	11,718.9	304	7,740.2	189
289	287	**MGM RESORTS INTERNATIONAL** *Las Vegas, Nev.*	10,082.0	2.8	(149.9)	475	–	26,702.5	191	4,090.9	280
290	295	**W.W. GRAINGER** *Lake Forest, Ill.*	9,965.0	5.6	801.7	236	0.6	5,284.3	430	3,209.9	315
291	307	**GROUP 1 AUTOMOTIVE** *Houston, Texas*	9,937.9	11.4	93.0	441	(18.4)	4,141.5	453	978.0	437
292	269	**BB&T CORP.** *Winston-Salem, N.C.*	9,926.0	(5.0)	2,151.0	113	28.1	186,814.0	37	24,338.0	55
293	293	**ROCK-TENN** *Norcross, Ga.* [2]	9,895.1	3.7	479.7	320	(34.0)	11,039.7	313	4,306.8	269
294	402	**ADVANCE AUTO PARTS** *Roanoke, Va.*	9,843.9	51.6	493.8	316	26.1	7,962.4	364	2,002.9	368
295	273	**ALLY FINANCIAL** *Detroit, Mich.*	9,790.0¶	(5.3)	1,150.0	186	218.6	151,828.0	45	15,399.0	107
296	262	**AGCO** *Duluth, Ga.*	9,723.7	(9.9)	410.4	339	(31.3)	7,395.9	379	3,448.5	306
297	343	**CORNING** *Corning, N.Y.*	9,715.0	24.2	2,472.0	97	26.1	30,063.0	181	21,579.0	65
298	375	**BIOGEN** *Cambridge, Mass.* [29]	9,703.3	40.0	2,934.8	78	57.6	14,316.6	279	10,809.0	142
299	•	**NGL ENERGY PARTNERS** *Tulsa, Okla.* [P,4]	9,699.3	119.6	47.7	453	(0.6)	4,167.2	452	1,526.6	401
300	306	**STRYKER** *Kalamazoo, Mich.*	9,675.0	7.2	515.0	308	(48.8)	17,713.0	246	8,595.0	170
301	393	**MOLINA HEALTHCARE** *Long Beach, Calif.*	9,666.6	46.7	62.2	449	17.6	4,477.2	444	1,010.4	433
302	322	**PRECISION CASTPARTS** *Portland, Ore.* [4]	9,640.0¶	13.9	1,777.0	140	24.6	18,586.0	236	11,386.0	134
303	296	**DISCOVER FINANCIAL SERVICES** *Riverwoods, Ill.*	9,611.0	2.6	2,323.0	104	(6.0)	83,126.0	76	11,134.0	139
304	291	**GENWORTH FINANCIAL** *Richmond, Va.*	9,565.0	(0.5)	(1,244.0)	492	(322.1)	111,358.0	60	14,923.0	111
305	297	**EASTMAN CHEMICAL** *Kingsport, Tenn.*	9,527.0	1.9	751.0	248	(35.5)	16,072.0	257	3,510.0	305
306	285	**DEAN FOODS** *Dallas, Texas* [30]	9,503.2	(4.6)	(20.3)	464	(102.5)	2,769.6	483	627.3	458
307	300	**AUTOZONE** *Memphis, Tenn.* [7]	9,475.3	3.6	1,069.7	198	5.2	7,517.9	376	(1,621.9)	490
308	326	**MASTERCARD** *Purchase, N.Y.*	9,473.0	13.5	3,617.0	63	16.1	15,329.0	265	6,790.0	203

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

TASTES BETTER WITH KETCHUP

The condiment business continues to grow at **HEINZ**. But sales in its snack food and baby nutrition units declined in 2014.

CHANGE IN HEINZ REVENUES, 2013–14

GRAPHIC SOURCE: COMPANY FILINGS

MARKET VALUE 3/15/15		PROFITS AS % OF ...						EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS					
$ millions	Rank	Revenues %	Revenues Rank	Assets %	Assets Rank	Stockholders' equity %	Stockholders' equity Rank	2014 $	% change from 2013	2004–2014 annual growth rate %	2004–2014 annual growth rate Rank	2014 %	2014 Rank	2004–2014 annual rate %	2004–2014 annual rate Rank	Industry table number	RANK 2014
14,615.4	245	6.6	236	4.8	244	11.8	293	4.76	54.0	0.9	267	21.9	163	9.7	193	29	261
27,569.8	165	9.1	166	13.8	33	5,788.7	1	3.50	14.8	9.1	148	45.4	35	20.9	26	57	262
13,847.5	260	4.7	295	2.9	330	9.5	345	–	–	–		17.9	207	–		39	263
–		0.0	462	0.0	462	0.1	451	–	–	–		–		–		37	264
–		(4.1)	484	(1.3)	474	–		–	–	–		–		–		19	265
27,047.0	167	7.8	204	15.2	21	86.9	18	8.78	20.9	12.4	96	44.8	37	21.6	21	7	266
60,511.8	73	29.7	6	1.4	400	12.0	285	19.25	14.1	–		15.7	231	–		55	267
9,841.6	305	20.8	38	1.0	413	14.3	240	9.02	279.0	–		20.7	175	–		36	268
21,861.1	196	8.4	187	19.7	6	40.6	47	4.42	13.9	22.8	25	27.1	115	21.9	19	57	269
26,961.0	168	10.5	136	2.9	327	10.3	324	4.63	15.5	1.9	255	27.4	112	15.0	75	65	270
31,440.4	142	11.0	124	15.3	20	31.2	65	3.06	18.6	15.3	65	2.3	339	14.1	92	32	271
–		6.0	259	1.8	380	4.3	424	–	–	–		–		–		21	272
6,410.1	361	6.3	251	1.5	387	9.7	335	9.78	69.2	–		15.0	236	–		36	273
21,219.0	200	13.9	80	4.3	266	12.5	278	2.99	22.0	7.0	196	34.2	71	8.9	218	65	274
8,702.0	326	7.5	214	6.3	169	17.8	184	3.96	38.0	24.6	21	(16.1)	427	14.0	93	46	275
2,403.8	436	(5.7)	488	(8.3)	493	–		(7.60)	–	–		(12.3)	416	(2.7)	360	44	276
3,381.0	418	1.9	402	5.5	211	24.6	105	2.63	42.9	–		19.7	190	–		58	277
30,315.0	144	19.1	45	0.7	431	9.5	343	4.57	(1.1)	6.9	198	8.7	288	6.2	283	8	278
8,480.5	334	3.9	330	0.7	437	4.8	421	1.61	(50.2)	–		1.3	349	8.7	225	36	279
29,248.1	154	6.4	246	2.6	347	14.2	241	0.68	51.1	–		17.3	214	–		31	280
9,068.8	317	2.7	368	7.4	136	17.1	193	2.49	(35.0)	5.0	220	24.2	143	11.6	141	25	281
15,108.4	241	10.9	126	0.5	443	11.2	302	3.65	23.7	3.4	237	8.0	294	4.6	305	36	282
4,737.1	391	3.6	337	4.7	246	9.1	362	4.73	14.3	6.2	203	(17.5)	430	13.4	107	42	283
32,415.4	135	9.5	158	5.6	206	13.5	255	4.61	(1.5)	5.7	209	32.2	80	12.2	124	7	284
4,208.9	401	4.5	306	1.5	390	9.1	359	6.44	2.2	9.8	128	4.7	315	10.1	182	38	285
–		3.4	342	5.2	226	9.1	361	–	–	–		–		–		17	286
11,700.4	275	4.5	308	7.6	130	16.6	204	5.44	10.3	14.3	74	19.2	194	14.6	82	70	287
38,034.0	112	14.0	79	12.3	50	18.6	175	2.35	16.6	29.7	8	4.3	319	17.4	48	34	288
10,332.3	295	(1.5)	471	(0.6)	466	(3.7)	456	(0.31)	–	–		(9.1)	400	(5.2)	367	31	289
15,835.2	229	8.0	197	15.2	22	25.0	100	11.45	2.9	13.8	80	1.5	346	16.3	57	67	290
2,092.9	441	0.9	434	2.2	363	9.5	342	3.60	(16.7)	11.8	103	27.3	113	12.1	128	5	291
28,104.0	159	21.7	27	1.2	408	8.8	366	2.75	25.6	(0.2)	277	6.9	298	2.9	321	8	292
9,024.9	319	4.8	290	4.3	264	11.1	305	3.29	(33.9)	29.4	9	17.7	210	25.1	9	47	293
10,948.4	284	5.0	287	6.2	177	24.7	104	6.71	26.1	15.0	68	44.2	41	19.0	36	58	294
10,101.9	301	11.7	110	0.8	429	7.5	386	1.83	–	–		–		–		8	295
4,212.0	400	4.2	322	5.5	207	11.9	290	4.36	(27.5)	9.8	127	(22.9)	443	7.7	249	12	296
28,776.4	157	25.4	18	8.2	110	11.5	298	1.73	29.1	–		31.2	88	8.2	234	45	297
99,063.6	42	30.2	4	20.5	4	27.2	91	12.37	58.4	67.8	1	21.4	168	17.7	46	49	298
2,748.3	429	0.5	450	1.1	409	3.1	431	0.51	(46.9)	–		(13.8)	423	–		67	299
34,960.6	123	5.3	280	2.9	328	6.0	407	1.34	(49.0)	1.6	258	27.5	111	8.0	243	41	300
3,359.0	419	0.6	442	1.4	399	6.2	405	1.29	14.2	(0.5)	281	54.0	21	5.6	295	26	301
29,771.2	151	18.4	48	9.6	87	15.6	219	12.12	24.7	28.0	11	(10.5)	408	22.2	16	2	302
25,139.7	174	24.2	21	2.8	334	20.9	144	4.90	(1.2)	–		18.9	198	–		8	303
3,633.0	412	(13.0)	496	(1.1)	473	(8.3)	465	(2.51)	(324.1)	–		(45.3)	462	–		36	304
10,318.1	296	7.9	202	4.7	251	21.4	138	4.97	(33.2)	16.4	52	(4.4)	380	13.2	111	7	305
1,556.4	449	(0.2)	465	(0.7)	468	(3.2)	455	(0.22)	(102.6)	–		14.7	238	0.6	342	21	306
21,640.4	198	11.3	116	14.2	29	–		31.57	13.6	17.0	46	29.5	99	21.1	25	58	307
99,214.9	41	38.2	3	23.6	2	53.3	29	3.10	21.1	–		3.7	326	–		19	308

309-356 /500

NO. 339

PRICELINE GROUP

The online travel giant booked another year of big revenue and profit gains. But with almost 90% of its sales abroad, Priceline's profits may take a hit in 2015 owing to a strong dollar and unfavorable currency exchange rates. —*C.G.*

RANK 2014	2013		REVENUES $millions	% change from 2013	PROFITS $millions	Rank	% change from 2013	ASSETS $millions	Rank	STOCKHOLDERS' EQUITY $millions	Rank
309	303	**OWENS & MINOR** *Mechanicsville, Va.*	9,440.2	4.1	66.5	447	(40.0)	2,735.4	484	990.8	436
310	311	**HORMEL FOODS** *Austin, Minn.* [8]	9,316.3	6.5	602.7	283	14.5	5,455.6	426	3,605.7	303
311	305	**GAMESTOP** *Grapevine, Texas* [1]	9,296.0	2.8	393.1	344	11.0	4,246.3	449	2,067.7	362
312	310	**AUTOLIV** *Auburn Hills, Mich.* [31]	9,240.5	5.0	467.8	327	(3.7)	7,442.9	378	3,427.1	307
313	333	**CENTERPOINT ENERGY** *Houston, Texas*	9,226.0	13.8	611.0	281	96.5	23,200.0	208	4,548.0	260
314	316	**FIDELITY NATIONAL FINANCIAL** *Jacksonville, Fla.*	9,199.0[¶]	7.3	583.0	288	45.0	13,868.0	281	5,994.0	220
315	309	**SONIC AUTOMOTIVE** *Charlotte, N.C.*	9,197.1	4.0	97.2	440	19.1	3,183.1	474	666.7	453
316	317	**HD SUPPLY HOLDINGS** *Atlanta, Ga.* [1]	9,167.0[¶]	7.0	3.0	461	—	6,060.0	414	(760.0)	487
317	331	**CHARTER COMMUNICATIONS** *Stamford, Conn.*	9,108.0	11.7	(183.0)	477	—	24,550.0	200	146.0	477
318	313	**CROWN HOLDINGS** *Philadelphia, Pa.*	9,097.0	5.1	387.0	346	19.4	9,708.0	332	119.0	478
319	350	**APPLIED MATERIALS** *Santa Clara, Calif.* [8]	9,072.0	20.8	1,072.0	197	318.8	13,174.0	290	7,868.0	184
320	283	**MOSAIC** *Plymouth, Minn.* [32]	9,055.8	(9.2)	1,028.6	206	(45.5)	18,283.0	238	10,703.1	147
321	363	**CBRE GROUP** *Los Angeles, Calif.*	9,049.9	25.8	484.5	318	53.1	7,647.1	370	2,259.8	350
322	282	**AVON PRODUCTS** *New York, N.Y.*	8,851.4	(11.6)	(388.6)	484	—	5,496.8	424	289.8	470
323	325	**REPUBLIC SERVICES** *Phoenix, Ariz.*	8,788.3	4.4	547.6	296	(7.0)	20,094.0	227	7,745.3	188
324	324	**UNIVERSAL HEALTH SERVICES** *King of Prussia, Pa.*	8,764.3	4.1	545.4	298	6.8	8,974.4	346	3,735.9	294
325	319	**DARDEN RESTAURANTS** *Orlando, Fla.* [15]	8,757.7[¶]	2.4	286.2	378	(30.5)	7,100.7	388	2,156.9	356
326	355	**STEEL DYNAMICS** *Fort Wayne, Ind.*	8,756.0	18.8	157.0	419	(17.1)	7,311.0	380	2,913.0	323
327	314	**SUNTRUST BANKS** *Atlanta, Ga.*	8,707.0	1.2	1,774.0	141	32.0	190,328.0	36	22,897.0	58
328	318	**CAESARS ENTERTAINMENT** *Las Vegas, Nev.*	8,679.0[¶]	1.4	(2,783.0)	498	—	23,535.0	205	(4,997.0)	494
329	395	**TARGA RESOURCES** *Houston, Texas*	8,616.5	31.4	102.3	438	57.1	6,453.5	401	169.8	475
330	342	**DOLLAR TREE** *Chesapeake, Va.* [1]	8,602.2	9.7	599.2	285	0.4	3,567.0	464	1,785.0	383
331	•	**NEWS CORP.** *New York, N.Y.* [9,33]	8,574.0	—	239.0	399	—	16,489.0	255	13,243.0	119
332	321	**BALL** *Broomfield, Colo.*	8,570.0	1.2	470.0	326	15.5	7,571.0	372	1,033.1	432
333	335	**THRIVENT FINANCIAL FOR LUTHERANS** *Minneapolis, Minn.* [34]	8,521.2	5.2	753.0	246	81.8	80,376.4	77	6,492.6	213
334	323	**MASCO** *Taylor, Mich.*	8,521.0	1.0	856.0	227	214.7	7,167.0	386	924.0	440
335	337	**FRANKLIN RESOURCES** *San Mateo, Calif.* [2]	8,491.4	6.3	2,384.3	103	10.9	16,357.1	256	11,584.1	132
336	340	**AVIS BUDGET GROUP** *Parsippany, N.J.*	8,485.0	6.9	245.0	394	1,431.3	16,969.0	252	665.0	454
337	329	**REYNOLDS AMERICAN** *Winston-Salem, N.C.*	8,471.0[E]	2.9	1,470.0	164	(14.4)	15,196.0	268	4,522.0	261
338	336	**BECTON DICKINSON** *Franklin Lakes, N.J.* [2]	8,446.0	4.6	1,185.0	182	(8.4)	12,447.0	299	5,053.0	249
339	383	**PRICELINE GROUP** *Norwalk, Conn.*	8,442.0	24.3	2,421.8	100	28.0	14,940.6	272	8,566.7	173
340	328	**BROADCOM** *Irvine, Calif.*	8,428.0	1.5	652.0	271	53.8	12,471.0	297	9,051.0	164
341	338	**TENNECO** *Lake Forest, Ill.*	8,420.0	5.7	226.0	404	23.5	4,010.0	455	497.0	463
342	315	**CAMPBELL SOUP** *Camden, N.J.* [14]	8,405.0[¶]	(2.1)	818.0	234	78.6	8,113.0	361	1,615.0	398
343	332	**AECOM** *Los Angeles, Calif.* [2,35]	8,356.8	2.5	229.9	403	(3.9)	6,123.4	410	2,186.5	353
344	351	**VISTEON** *Van Buren Township, Mich.*	8,343.0[¶]	12.2	(295.0)	481	(142.8)	5,323.0	429	865.0	441
345	•	**DELEK US HOLDINGS** *Brentwood, Tenn.* [36]	8,324.3[E]	(4.4)	198.6	410	68.7	2,891.4	479	1,001.7	434
346	301	**DOVER** *Downers Grove, Ill.*	8,321.7[¶]	(8.8)	775.2	241	(22.7)	9,090.4	341	3,700.7	297
347	352	**BORGWARNER** *Auburn Hills, Mich.*	8,305.1	11.7	655.8	270	5.0	7,228.0	383	3,616.2	301
348	356	**JARDEN** *Boca Raton, Fla.*	8,287.1	12.7	242.5	397	18.9	10,799.3	318	2,609.3	339
349	362	**UGI** *King of Prussia, Pa.* [2]	8,277.3	15.0	337.2	361	21.3	10,093.0	328	2,659.1	336
350	470	**MURPHY OIL** *El Dorado, Ark.*	8,262.5[¶]	(26.8)	905.6	221	(19.4)	16,742.3	253	8,573.4	172
351	330	**PVH** *New York, N.Y.* [1]	8,241.2	0.7	439.0	332	205.8	10,931.8	316	4,364.3	268
352	346	**CORE-MARK HOLDING** *South San Francisco, Calif.*	8,169.8[E]	5.9	42.7	455	2.6	1,029.6	499	461.3	465
353	414	**CALPINE** *Houston, Texas*	8,030.0	27.4	946.0	215	6,657.1	18,378.0	237	3,378.0	309
354	418	**D.R. HORTON** *Fort Worth, Texas* [2]	8,024.9	28.2	533.5	302	15.3	10,202.5	327	5,115.8	247
355	320	**WEYERHAEUSER** *Federal Way, Wash.* [R]	7,976.0[¶]	(6.5)	1,826.0	138	224.3	13,457.0	285	5,304.0	237
356	288	**KKR** *New York, N.Y.* [P]	7,971.9	(18.3)	477.6	321	(30.9)	65,872.7	86	5,399.6	234

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

BIGGER TRAVEL BUDGET

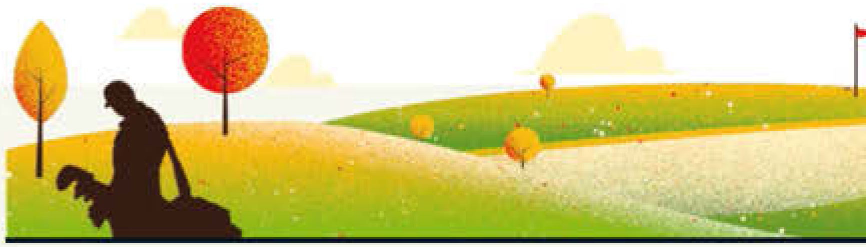
As the owner of brands such as **BOOKING.COM**, **KAYAK**, and **OPENTABLE**, **PRICELINE** has profited from a global surge in spending on tourism.

GRAPHIC SOURCE: U.N. WORLD TOURISM ORGANIZATION

MARKET VALUE 3/31/15 $ millions	Rank	PROFITS AS % OF ... Revenues %	Rank	Assets %	Rank	Stockholders' equity %	Rank	EARNINGS PER SHARE 2014 $	% change from 2013	2004–2014 annual growth rate %	Rank	TOTAL RETURN TO INVESTORS 2014 %	Rank	2004–2014 annual rate %	Rank	Industry table number	RANK 2014
2,136.5	439	0.7	440	2.4	355	6.7	399	1.06	(39.8)	0.4	271	(1.1)	366	9.0	217	70	309
15,012.2	242	6.5	244	11.0	59	16.7	201	2.23	14.4	10.5	120	17.3	215	14.8	78	21	310
4,090.9	404	4.2	321	9.3	93	19.0	167	3.47	16.1	–		(29.0)	452	–		58	311
10,399.7	294	5.1	285	6.3	170	13.7	252	5.06	(0.2)	3.9	234	18.0	206	11.0	156	44	312
8,772.3	324	6.6	237	2.6	342	13.4	258	1.42	97.2	–		5.2	312	12.4	121	65	313
10,290.4	298	6.3	248	4.2	270	9.7	336	–	–	–		–		–		38	314
1,268.3	455	1.1	428	3.1	319	14.6	234	1.84	20.3	(0.8)	288	10.9	267	2.8	323	5	315
6,145.5	364	0.0	461	0.0	461	–		0.02	–	–		22.8	156	–		67	316
21,646.7	197	(2.0)	477	(0.7)	470	(125.3)	477	(1.70)	–	–		21.8	164	–		59	317
7,516.4	350	4.3	317	4.0	286	325.2	5	2.79	21.3	25.0	20	14.2	243	14.0	94	47	318
27,719.4	162	11.8	108	8.1	112	13.6	253	0.87	314.3	1.1	266	43.5	43	5.8	293	56	319
17,284.5	222	11.4	114	5.6	203	9.6	340	2.68	(39.4)	–		(1.4)	367	11.8	134	7	320
12,891.4	267	5.4	277	6.3	168	21.4	136	1.45	52.6	16.9	47	30.2	95	11.8	133	53	321
3,471.8	417	(4.4)	485	(7.1)	491	(134.1)	479	(0.88)	–	–		(44.4)	461	(10.9)	381	32	322
14,320.1	251	6.2	253	2.7	339	7.1	395	1.53	(5.6)	4.1	230	24.9	138	8.7	226	66	323
11,646.7	276	6.2	254	6.1	179	14.6	233	5.42	5.4	14.7	70	37.3	60	18.1	43	27	324
8,722.4	325	3.3	349	4.0	281	13.3	260	2.15	(31.3)	4.7	226	12.8	257	10.7	164	23	325
4,857.3	387	1.8	405	2.1	367	5.4	413	0.67	(19.3)	(6.5)	314	3.5	329	10.0	184	42	326
21,563.9	199	20.4	41	0.9	421	7.7	383	3.23	34.0	(4.6)	306	15.9	229	(3.4)	362	8	327
1,523.5	450	(32.1)	498	(11.8)	496	–		(19.53)	–	–		(27.2)	449	–		31	328
5,365.0	379	1.2	424	1.6	382	60.2	27	2.43	56.8	–		23.1	152	–		50	329
16,696.4	224	7.0	227	16.8	10	33.6	61	2.90	6.6	18.6	40	24.7	139	22.1	17	58	330
9,297.4	312	2.8	361	1.4	394	1.8	447	0.41	–	–		(12.9)	421	–		51	331
9,713.4	306	5.5	273	6.2	176	45.5	38	3.30	20.9	9.8	130	33.1	75	13.0	114	47	332
–		8.8	171	0.9	420	11.6	295	–	–	–		–		–		35	333
9,332.8	311	10.0	146	11.9	55	92.6	17	2.38	213.2	2.0	253	12.4	259	(0.7)	354	29	334
31,912.2	139	28.1	11	14.6	26	20.6	148	3.79	12.5	15.0	67	(3.2)	375	11.0	154	55	335
6,263.7	363	2.9	358	1.4	395	36.8	55	2.22	1,380.0	(19.6)	332	64.1	14	6.8	266	5	336
36,661.0	120	17.4	55	9.7	85	32.5	63	2.75	(12.4)	6.0	204	34.8	68	19.1	34	61	337
29,983.2	147	14.0	78	9.5	88	23.5	116	5.99	(7.7)	13.0	91	28.3	104	11.4	147	41	338
60,465.0	74	28.7	7	16.2	14	28.3	86	45.67	26.5	50.6	3	(1.9)	370	47.4	1	39	339
25,952.6	170	7.7	206	5.2	223	7.2	392	1.08	47.9	9.9	126	48.1	31	7.9	246	56	340
3,519.2	414	2.7	369	5.6	201	45.5	39	3.66	23.2	26.5	16	0.1	356	12.6	119	44	341
14,513.8	246	9.7	151	10.1	72	50.7	32	2.59	79.9	5.1	216	4.6	316	6.9	263	21	342
4,791.8	389	2.8	366	3.8	296	10.5	317	2.33	(0.9)	–		3.2	331	–		17	343
4,283.9	399	(3.5)	483	(5.5)	487	(34.1)	474	(6.25)	(146.3)	–		30.5	92	–		44	344
2,276.7	438	2.4	381	6.9	155	19.8	160	3.35	70.9	–		(18.0)	433	–		48	345
11,083.3	281	9.3	160	8.5	103	20.9	143	4.59	(20.6)	8.6	160	(8.9)	399	9.7	196	33	346
13,727.3	261	7.9	201	9.1	95	18.1	180	2.86	5.9	11.5	105	(0.8)	363	15.8	64	44	347
10,205.2	300	2.9	355	2.2	364	9.3	351	1.28	8.5	11.2	109	17.1	222	14.3	88	29	348
5,631.1	374	4.1	327	3.3	308	12.7	275	1.92	19.5	9.6	132	40.8	50	14.2	91	16	349
8,293.2	340	11.0	125	5.4	217	10.6	316	5.03	(15.3)	3.0	242	(20.3)	438	6.0	285	43	350
8,794.1	323	5.3	279	4.0	283	10.1	328	5.27	202.9	16.5	51	(5.7)	389	17.2	51	4	351
1,490.1	452	0.5	447	4.1	275	9.3	353	1.83	2.2	–		64.7	11	–		69	352
8,583.4	329	11.8	109	5.1	228	28.0	87	2.31	7,600.0	–		13.4	251	–		16	353
10,406.8	293	6.6	234	5.2	222	10.4	321	1.50	12.8	(6.9)	316	14.3	241	(0.2)	349	30	354
17,403.7	220	22.9	24	13.6	34	34.4	60	3.18	234.7	(5.2)	308	17.3	212	6.4	280	24	355
9,888.6	304	6.0	262	0.7	432	8.8	365	1.16	(49.6)	–		4.0	323	–		55	356

LARGEST U.S. CORPORATIONS

357-404 /500



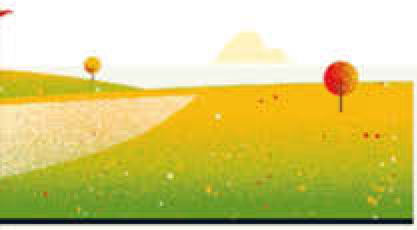
NO. 393

DICK'S SPORTING GOODS

After months of declining sales in its Golf Galaxy stores, Dick's Sporting Goods restructured the business and laid off hundreds of in-store golf pros. The company now plans to double down on women's and youth apparel. —*C.G.*

RANK 2014	2013		REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
357	368	**FMC TECHNOLOGIES** *Houston, Texas*	7,942.6	11.5	699.9	257	39.6	7,175.6	385	2,456.3	343
358	373	**AMERICAN FAMILY INSURANCE GROUP** *Madison, Wis.* [16]	7,932.8	14.1	515.2	307	36.0	20,550.0	224	6,965.1	200
359	•	**SPARTANNASH** *Grand Rapids, Mich.* [37,38]	7,916.1	203.5	58.6	451	113.8	1,932.3	494	747.3	447
360	349	**WESCO INTERNATIONAL** *Pittsburgh, Pa.*	7,889.6	5.0	275.9	383	(0.2)	4,754.4	439	1,928.7	372
361	396	**QUANTA SERVICES** *Houston, Texas*	7,851.3	20.4	296.7	374	(26.2)	6,312.0	403	4,514.5	262
362	357	**MOHAWK INDUSTRIES** *Calhoun, Ga.*	7,803.4	6.2	532.0	303	52.5	8,285.5	357	4,418.0	266
363	312	**MOTOROLA SOLUTIONS** *Schaumburg, Ill.*	7,785.0¶	(10.5)	1,299.0	173	18.2	10,423.0	322	2,735.0	332
364	431	**LENNAR** *Miami, Fla.* [25]	7,779.8	31.1	638.9	274	33.2	12,958.3	292	4,827.0	255
365	339	**TRAVELCENTERS OF AMERICA** *Westlake, Ohio* [L]	7,778.6[E]	(2.1)	61.0	450	92.8	1,425.2	497	518.6	462
366	345	**SEALED AIR** *Charlotte, N.C.* [39]	7,750.5	(0.4)	258.1	391	107.8	8,041.7	363	1,162.8	424
367	359	**EVERSOURCE ENERGY** *Springfield, Mass.* [40]	7,741.9	6.0	819.5	233	4.3	29,778.0	182	9,976.8	157
368	348	**COCA-COLA ENTERPRISES** *Atlanta, Ga.*	7,680.0[E]	0.3	663.0	267	(0.6)	8,543.0	352	1,431.0	407
369	401	**CELGENE** *Summit, N.J.*	7,670.4	18.1	1,999.9	129	37.9	17,340.1	249	6,524.8	212
370	380	**WILLIAMS** *Tulsa, Okla.*	7,637.0	11.3	2,114.0	115	391.6	50,563.0	112	8,777.0	168
371	344	**ASHLAND** *Covington, Ky.* [2]	7,621.0¶	(2.5)	233.0	401	(65.9)	10,951.0	315	3,583.0	304
372	369	**INTERPUBLIC GROUP** *New York, N.Y.*	7,537.1	5.8	477.1	322	78.1	12,747.2	295	2,116.3	360
373	391	**BLACKSTONE GROUP** *New York, N.Y.* [P]	7,484.7	13.2	1,584.6	156	35.3	31,510.9	175	7,060.3	196
374	374	**RALPH LAUREN** *New York, N.Y.* [4]	7,450.0	7.3	776.0	240	3.5	6,090.0	413	4,034.0	281
375	364	**QUEST DIAGNOSTICS** *Madison, N.J.*	7,435.0	3.6	556.0	294	(34.5)	9,877.0	331	4,301.0	270
376	366	**HERSHEY** *Hershey, Pa.*	7,421.8	3.9	846.9	229	3.2	5,629.5	422	1,455.1	404
377	358	**TEREX** *Westport, Conn.*	7,403.7¶	1.3	319.0	366	41.2	5,928.0	416	2,005.9	367
378	367	**BOSTON SCIENTIFIC** *Marlborough, Mass.* [41]	7,380.0	3.3	(119.0)	474	–	17,042.0	250	6,457.0	214
379	327	**NEWMONT MINING** *Greenwood Village, Colo.*	7,292.0	(12.4)	508.0	311	–	24,916.0	198	10,274.0	151
380	408	**ALLERGAN** *Irvine, Calif.* [42]	7,237.9	12.8	1,524.2	159	54.7	12,415.7	301	7,753.0	186
381	390	**O'REILLY AUTOMOTIVE** *Springfield, Mo.*	7,216.1	8.5	778.2	239	16.1	6,540.3	400	2,018.4	365
382	389	**CASEY'S GENERAL STORES** *Ankeny, Iowa* [43]	7,194.3[E]	8.1	126.8	429	22.2	2,304.9	486	703.3	450
383	394	**CMS ENERGY** *Jackson, Mich.*	7,179.0	9.3	477.0	323	5.5	19,185.0	233	3,670.0	300
384	400	**FOOT LOCKER** *New York, N.Y.* [1]	7,151.0	9.9	520.0	306	21.2	3,577.0	463	2,496.0	342
385	409	**W.R. BERKLEY** *Greenwich, Conn.*	7,128.9	11.2	648.9	273	29.8	21,716.7	217	4,589.9	258
386	376	**PETSMART** *Phoenix, Ariz.* [1,44]	7,112.0	2.8	426.1	336	1.6	2,826.9	482	1,370.0	412
387	333	**PACIFIC LIFE** *Newport Beach, Calif.*	7,073.0	(12.7)	540.0	299	(25.0)	137,048.0	50	10,129.0	154
388	370	**COMMERCIAL METALS** *Irving, Texas* [7]	7,057.3¶	0.1	115.6	434	49.5	3,688.5	459	1,348.5	414
389	384	**AGILENT TECHNOLOGIES** *Santa Clara, Calif.* [8]	6,981.0	2.9	504.0	313	(30.4)	10,831.0	317	5,298.0	238
390	382	**HUNTINGTON INGALLS INDUSTRIES** *Newport News, Va.*	6,957.0	2.0	338.0	360	29.5	6,269.0	404	1,365.0	413
391	392	**MUTUAL OF OMAHA INSURANCE** *Omaha, Neb.* [16]	6,878.0	4.2	291.7	376	(18.8)	34,481.2	159	5,139.9	246
392	404	**LIVE NATION ENTERTAINMENT** *Beverly Hills, Calif.*	6,867.0	6.0	(90.8)	470	–	5,988.4	415	1,297.0	416
393	421	**DICK'S SPORTING GOODS** *Coraopolis, Pa.* [1]	6,814.5	9.7	344.2	359	2.0	3,436.2	466	1,832.2	379
394	347	**OSHKOSH** *Oshkosh, Wis.* [2]	6,808.2	(11.4)	309.3	371	(2.7)	4,586.7	442	1,985.0	369
395	399	**CELANESE** *Irving, Texas*	6,802.0	4.5	624.0	279	(43.3)	8,818.0	347	2,818.0	329
396	•	**SPIRIT AEROSYSTEMS HOLDINGS** *Wichita, Kans.* [45]	6,799.2	14.1	358.8	355	–	5,162.7	433	1,621.5	396
397	427	**UNITED NATURAL FOODS** *Providence, R.I.* [14]	6,794.4	12.0	125.5	431	16.3	2,297.2	487	1,243.4	420
398	365	**PEABODY ENERGY** *St. Louis, Mo.*	6,792.2	(5.0)	(787.0)	490	–	13,191.1	289	2,724.8	333
399	372	**OWENS-ILLINOIS** *Perrysburg, Ohio*	6,784.0	(2.6)	75.0	445	(59.2)	7,858.0	366	1,158.0	425
400	386	**DILLARD'S** *Little Rock, Ark.* [1]	6,780.1	1.3	331.9	362	2.5	4,170.1	451	2,019.3	364
401	413	**LEVEL 3 COMMUNICATIONS** *Broomfield, Colo.*	6,777.0	7.3	314.0	369	–	20,947.0	222	6,363.0	218
402	371	**PANTRY** *Cary, N.C.* [2,46]	6,765.4[E]	(3.5)	13.2	458	–	1,733.8	496	339.5	469
403	490	**LKQ** *Chicago, Ill.*	6,740.1	33.1	381.5	348	22.4	5,573.5	423	2,720.7	334
404	450	**INTEGRYS ENERGY GROUP** *Chicago, Ill.*	6,731.3¶	19.4	276.9	381	(21.3)	11,282.0	308	3,299.7	312

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.



TEE-TOTALING

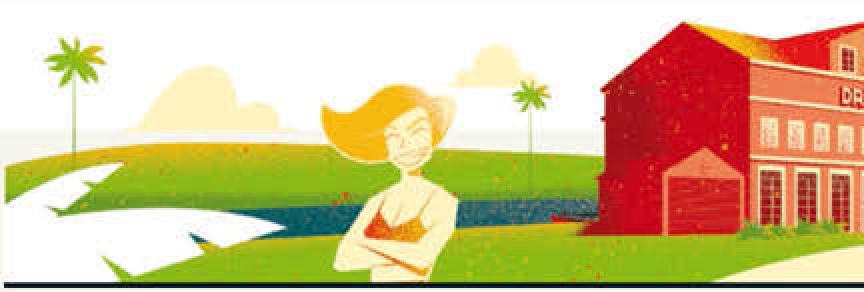
Back in the early 2000s, when Tiger Woods was No. 1, a craze for golf led to a boom in new courses. Lately, though, they're closing in droves.

*Every nine holes is counted as half of a course.

GRAPHIC SOURCE: NATIONAL GOLF FOUNDATION

MARKET VALUE 3/31/15		PROFITS AS % OF ...						EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS					
		Revenues		Assets		Stockholders' equity		2014	% change from 2013	2004–2014 annual growth rate		2014		2004–2014 annual rate		Industry table number	RANK 2014
$ millions	Rank	%	Rank	%	Rank	%	Rank	$		%	Rank	%	Rank	%	Rank		
8,565.8	330	8.8	172	9.8	83	28.5	80	2.95	40.5	21.5	29	(10.3)	407	19.9	30	46	357
—		6.5	241	2.5	348	7.4	388	—	—	—		—		—		38	358
1,193.5	457	0.7	439	3.0	321	7.8	381	1.55	24.0	—		10.0	280	16.2	58	69	359
3,114.5	422	3.5	339	5.8	196	14.3	239	5.18	(1.3)	13.4	87	(16.3)	428	9.9	189	67	360
5,823.9	370	3.8	333	4.7	249	6.6	400	1.35	(27.8)	—		(10.0)	405	13.5	106	17	361
13,561.5	262	6.8	230	6.4	166	12.0	284	7.25	50.4	2.9	244	4.3	318	5.5	298	71	362
14,085.6	255	16.7	60	12.5	47	47.5	34	5.29	30.3	1.7	257	1.4	347	(4.5)	365	45	363
10,631.6	289	8.2	191	4.9	239	13.2	262	2.80	30.2	(6.9)	315	13.7	248	(1.1)	355	30	364
668.7	462	0.8	438	4.3	267	11.8	294	1.62	52.8	—		29.6	98	—		58	365
9,574.5	309	3.3	346	3.2	315	22.2	128	1.20	106.9	0.6	269	26.4	119	6.7	269	47	366
16,035.3	225	10.6	132	2.8	337	8.2	377	2.58	3.6	11.0	113	30.5	93	14.8	79	65	367
10,297.3	297	8.6	176	7.8	126	46.3	37	2.63	7.8	—		2.4	337	—		6	368
92,292.1	48	26.1	15	11.5	57	30.7	70	2.39	41.8	40.9	4	32.4	79	32.7	4	49	369
37,836.1	113	27.7	12	4.2	272	24.1	110	2.92	371.0	25.1	19	21.2	170	15.9	63	16	370
8,818.1	321	3.1	352	2.1	369	6.5	402	3.00	(65.0)	(5.5)	310	25.0	137	11.4	146	7	371
9,120.9	316	6.3	249	3.7	297	22.5	125	1.12	83.6	—		19.8	189	5.4	299	1	372
23,426.2	185	21.2	34	5.0	235	22.4	126	2.58	30.3	—		14.2	245	—		13	373
11,481.8	278	10.4	138	12.7	41	19.2	166	8.43	5.4	17.4	42	6.0	305	16.5	56	4	374
11,090.3	280	7.5	215	5.6	202	12.9	266	3.81	(31.2)	5.0	222	28.0	105	4.5	307	28	375
22,132.7	194	11.4	113	15.0	24	58.2	28	3.77	4.4	5.1	217	9.1	284	9.1	214	21	376
2,823.9	428	4.3	313	5.4	220	15.9	213	2.79	44.6	(1.3)	290	(33.2)	459	1.7	334	12	377
23,770.5	182	(1.6)	474	(0.7)	467	(1.8)	452	(0.09)	—	—		10.2	275	(9.4)	379	41	378
10,830.2	287	7.0	226	2.0	373	4.9	418	1.02	—	0.3	272	(17.1)	429	(6.8)	372	43	379
—		21.1	36	12.3	51	19.7	162	5.01	53.7	13.5	85	91.6	4	18.4	40	49	380
22,013.5	195	10.8	128	11.9	56	38.6	51	7.34	21.7	19.3	37	49.7	27	23.9	12	58	381
3,500.5	415	1.8	406	5.5	210	18.0	182	3.26	21.2	16.1	56	30.0	96	18.6	37	58	382
9,644.4	307	6.6	235	2.5	350	13.0	265	1.74	4.8	10.5	118	34.5	70	15.9	61	65	383
8,797.9	322	7.3	219	14.5	27	20.8	145	3.56	24.9	6.6	201	38.1	58	10.8	159	57	384
6,354.7	362	9.1	165	3.0	324	14.1	242	4.86	36.9	8.2	167	21.5	167	10.8	162	38	385
—		6.0	261	15.1	23	31.1	67	4.26	6.0	14.1	77	13.0	255	9.6	198	58	386
—		7.6	208	0.4	449	5.3	414	—	—	—		—		—		36	387
1,873.6	446	1.6	412	3.1	318	8.6	373	0.97	47.0	(1.3)	291	(17.7)	431	5.1	301	42	388
13,952.9	258	7.2	221	4.7	252	9.5	341	1.49	(29.0)	7.1	195	0.1	355	9.9	191	54	389
6,844.6	356	4.9	289	5.4	219	24.8	102	6.86	32.4	—		26.2	125	—		2	390
—		4.2	318	0.8	424	5.7	410	—	—	—		—		—		36	391
5,083.9	381	(1.3)	470	(1.5)	477	(7.0)	462	(0.49)	—	—		32.1	81	—		18	392
6,770.0	357	5.1	286	10.0	74	18.8	169	2.84	5.6	15.9	59	(13.7)	422	11.9	130	58	393
3,812.5	411	4.5	305	6.7	158	15.6	220	3.61	1.7	8.7	156	(2.3)	372	4.4	309	44	394
8,691.5	327	9.2	162	7.1	147	22.1	129	4.00	(42.1)	—		10.1	277	—		7	395
7,251.3	355	5.3	281	6.9	153	22.1	130	2.53	—	—		26.3	123	—		2	396
3,857.8	408	1.8	403	5.5	215	10.1	327	2.52	15.6	12.4	95	2.6	334	9.5	199	69	397
1,366.7	454	(11.6)	494	(6.0)	489	(28.9)	473	(2.94)	—	—		(59.4)	466	(7.6)	376	43	398
3,829.7	410	1.1	427	1.0	417	6.5	403	0.45	(59.5)	(10.9)	324	(24.6)	447	1.8	333	47	399
5,624.2	375	4.9	288	8.0	119	16.4	207	7.79	9.7	18.6	39	29.1	102	18.2	42	25	400
18,603.6	211	4.6	301	1.5	389	4.9	419	1.21	—	—		48.9	29	(0.3)	351	59	401
—		0.2	456	0.8	428	3.9	427	0.57	—	(3.9)	302	120.9	2	2.1	329	58	402
7,772.4	346	5.7	268	6.8	156	14.0	246	1.25	22.5	26.9	13	(14.5)	425	27.3	6	67	403
5,758.9	372	4.1	324	2.5	353	8.4	375	3.43	(21.9)	(0.8)	287	49.2	28	10.1	179	65	404

405-452 /500



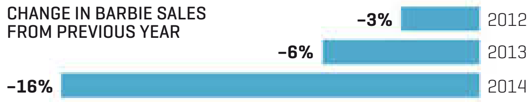
NO. 439
MATTEL
Mattel is having a hard time getting children to peel their eyes away from iPad screens to play with Barbie dolls or cars. Hot Wheels, the toymaker's best-performing brand, posted just 1% growth last year. —C.G.

RANK 2014	2013		REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
405	378	**SYMANTEC** *Mountain View, Calif.* [4]	6,676.0	(3.3)	898.0	223	17.4	13,539.0	283	5,797.0	223
406	485	**BUCKEYE PARTNERS** *Houston, Texas* [P]	6,646.1¶	30.1	273.0	384	70.3	8,086.1	362	3,702.6	296
407	406	**RYDER SYSTEM** *Miami, Fla.*	6,638.8	3.4	218.6	407	(8.1)	9,676.0	334	1,819.5	380
408	422	**SANDISK** *Milpitas, Calif.*	6,627.7	7.4	1,007.4	210	(3.4)	10,290.0	325	6,528.1	211
409	410	**ROCKWELL AUTOMATION** *Milwaukee, Wis.* [2]	6,623.5	4.3	826.8	232	9.3	6,229.5	405	2,658.1	337
410	385	**DANA HOLDING** *Maumee, Ohio*	6,617.0	(2.2)	319.0	366	30.7	4,930.0	436	1,080.0	429
411	•	**LANSING TRADE GROUP** *Overland Park, Kans.* [L]	6,613.9	(25.3)	57.6	452	(10.0)	1,283.7	498	15.5	481
412	423	**NCR** *Duluth, Ga.*	6,591.0	7.6	191.0	413	(56.9)	8,607.0	350	1,871.0	374
413	425	**EXPEDITORS INTERNATIONAL OF WASHINGTON** *Seattle, Wash.*	6,564.7	8.0	376.9	350	8.1	2,890.9	480	1,868.4	375
414	415	**OMNICARE** *Cincinnati, Ohio*	6,551.4¶	4.4	144.5	422	–	6,107.8	411	2,588.7	340
415	455	**AK STEEL HOLDING** *West Chester, Ohio*	6,505.7	16.8	(96.9)	471	–	4,858.5	438	(492.5)	484
416	361	**FIFTH THIRD BANCORP** *Cincinnati, Ohio*	6,503.0	(9.7)	1,481.0	163	(19.3)	138,706.0	49	15,626.0	104
417	387	**SEABOARD** *Shawnee Mission, Kans.*	6,473.1	(3.0)	365.3	354	78.0	3,677.3	460	2,715.9	335
418	448	**NISOURCE** *Merrillville, Ind.*	6,470.6	14.3	530.0	304	(0.4)	24,866.3	199	6,175.3	219
419	397	**CABLEVISION SYSTEMS** *Bethpage, N.Y.*	6,460.9	(0.9)	311.4	370	(33.1)	6,765.2	396	(5,041.5)	495
420	420	**ANIXTER INTERNATIONAL** *Glenview, Ill.*	6,445.5	3.5	194.8	412	(2.8)	3,586.5	462	1,133.0	427
421	407	**EMCOR GROUP** *Norwalk, Conn.*	6,444.3¶	0.4	168.7	417	36.2	3,389.0	468	1,416.0	409
422	426	**FIDELITY NATIONAL INFORMATION SERVICES** *Jacksonville, Fla.*	6,416.8¶	5.7	679.1	260	37.7	14,520.5	277	6,556.7	209
423	381	**BARNES & NOBLE** *New York, N.Y.* [43]	6,381.4	(6.7)	(47.3)	467	–	3,537.4	465	658.7	456
424	360	**KBR** *Houston, Texas*	6,366.0	(11.8)	(1,262.0)	493	(1,782.7)	4,199.0	450	942.0	438
425	428	**AUTO-OWNERS INSURANCE** *Lansing, Mich.*	6,336.7	4.5	563.5	291	(2.7)	19,219.8	232	7,969.5	182
426	444	**JONES FINANCIAL** *Des Peres, Mo.* [P,47]	6,333.0	10.8	770.0	243	14.2	14,770.0	275	2,218.0	352
427	398	**AVERY DENNISON** *Glendale, Calif.*	6,330.3	(2.9)	248.9	393	15.3	4,360.2	447	1,066.5	430
428	411	**NETAPP** *Sunnyvale, Calif.* [43]	6,325.1	(0.1)	637.5	275	26.2	9,219.2	339	3,786.5	292
429	419	**IHEARTMEDIA** *San Antonio, Texas* [48]	6,318.5	1.2	(793.8)	491	–	14,040.2	280	(9,889.3)	498
430	460	**DISCOVERY COMMUNICATIONS** *Silver Spring, Md.*	6,265.0	13.2	1,139.0	190	6.0	16,014.0	258	5,602.0	229
431	433	**HARLEY-DAVIDSON** *Milwaukee, Wis.*	6,228.5	5.6	844.6	230	15.1	9,528.1	335	2,909.3	324
432	432	**SANMINA** *San Jose, Calif.* [2]	6,215.1	5.0	197.2	411	148.5	3,313.1	471	1,246.8	419
433	•	**TRINITY INDUSTRIES** *Dallas, Texas*	6,170.0	40.3	678.2	262	80.6	8,733.8	348	2,995.9	318
434	454	**J.B. HUNT TRANSPORT SERVICES** *Lowell, Ark.*	6,165.4	10.4	374.8	351	9.5	3,397.1	467	1,204.5	422
435	459	**CHARLES SCHWAB** *San Francisco, Calif.*	6,156.0	11.1	1,321.0	171	23.3	154,642.0	44	11,803.0	131
436	416	**ERIE INSURANCE GROUP** *Erie, Pa.* [49]	6,124.0	(2.3)	168.0	418	3.1	17,758.0	244	7,983.0	181
437	430	**DR PEPPER SNAPPLE GROUP** *Plano, Texas*	6,121.0	2.1	703.0	256	12.7	8,273.0	358	2,294.0	348
438	379	**AMEREN** *St. Louis, Mo.*	6,054.0¶	(11.9)	586.0	287	102.8	22,676.0	212	6,713.0	206
439	403	**MATTEL** *El Segundo, Calif.*	6,023.8	(7.1)	498.9	314	(44.8)	6,722.0	398	2,949.1	321
440	440	**LABORATORY CORP. OF AMERICA** *Burlington, N.C.*	6,011.6	3.5	511.2	309	(10.9)	7,301.8	381	2,820.5	328
441	481	**GANNETT** *McLean, Va.*	6,008.2	16.4	1,062.2	200	173.3	11,205.5	311	3,254.9	313
442	424	**STARWOOD HOTELS & RESORTS** *Stamford, Conn.*	5,983.0	(2.2)	633.0	276	(0.3)	8,659.0	349	1,525.0	402
443	405	**GENERAL CABLE** *Highland Heights, Ky.*	5,979.8	(6.9)	(627.6)	488	–	3,366.7	469	452.1	466
444	•	**A-MARK PRECIOUS METALS** *Santa Monica, Calif.* [9,50]	5,979.4	–	8.3	460	–	305.1	500	49.5	479
445	449	**GRAYBAR ELECTRIC** *St. Louis, Mo.*	5,978.9	5.6	87.4	443	7.9	1,939.1	492	678.7	451
446	438	**ENERGY FUTURE HOLDINGS** *Dallas, Texas*	5,978.0	1.3	(6,406.0)	500	–	29,248.0	183	(19,723.0)	500
447	456	**HRG GROUP** *New York, N.Y.* [2,51]	5,963.0	7.6	(10.3)	463	–	30,100.2	180	1,441.6	406
448	478	**MRC GLOBAL** *Houston, Texas*	5,933.2	13.4	144.1	423	(5.3)	3,873.8	456	1,397.2	410
449	461	**SPECTRA ENERGY** *Houston, Texas*	5,903.0	7.0	1,082.0	195	4.2	34,040.0	163	8,160.0	177
450	472	**ASBURY AUTOMOTIVE GROUP** *Duluth, Ga.*	5,867.7	9.9	111.6	437	2.3	2,192.0	488	444.9	467
451	•	**PACKAGING CORP. OF AMERICA** *Lake Forest, Ill.*	5,852.6	59.7	392.6	345	(10.0)	5,348.5	428	1,521.4	403
452	429	**WINDSTREAM HOLDINGS** *Little Rock, Ark.*	5,829.5	(2.9)	(39.5)	466	(116.4)	12,713.4	296	224.8	471

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.

BYE-BYE BARBIE

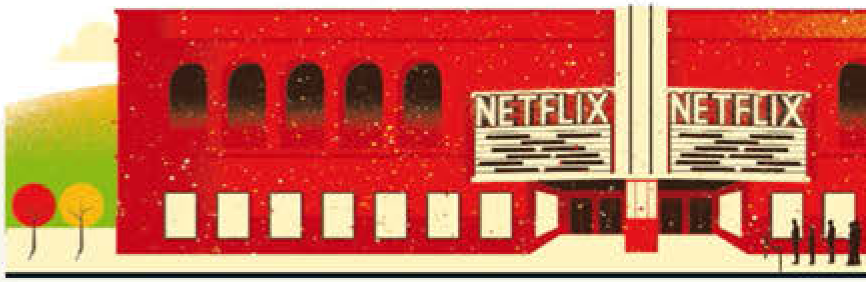
The declining popularity of **MATTEL'S** Barbie was exacerbated in 2014 with the explosion in demand for **DISNEY'S** *Frozen* princess dolls.



GRAPHIC SOURCE: COMPANY FILINGS

MARKET VALUE 3/31/15 $ millions	Rank	PROFITS AS % OF ... Revenues %	Revenues Rank	Assets %	Assets Rank	Stockholders' equity %	Stockholders' equity Rank	EARNINGS PER SHARE 2014 $	% change from 2013	2004–2014 annual growth rate %	2004–2014 annual growth rate Rank	TOTAL RETURN TO INVESTORS 2014 %	2014 Rank	2004–2014 annual rate %	2004–2014 annual rate Rank	Industry table number	RANK 2014
15,943.8	227	13.5	89	6.6	159	15.5	223	1.28	18.5	9.1	145	11.7	262	0.4	343	10	405
9,608.7	308	4.1	325	3.4	307	7.4	389	2.28	53.0	–		12.8	256	–		50	406
5,054.6	382	3.3	347	2.3	362	12.0	286	4.11	(9.3)	2.3	248	27.9	108	9.1	212	64	407
13,551.9	263	15.2	70	9.8	80	15.4	224	4.23	(2.5)	11.4	107	40.5	52	14.9	76	56	408
15,710.2	232	12.5	100	13.3	37	31.1	68	5.91	10.3	10.5	116	(4.0)	377	10.8	160	15	409
3,478.5	416	4.8	292	6.5	163	29.5	74	1.84	–	–		11.8	261	–		44	410
–		0.9	436	4.5	259	371.8	3	–	–	–		–		–		67	411
4,978.3	385	2.9	357	2.2	366	10.2	326	1.12	(57.3)	(2.9)	298	(14.4)	424	6.2	282	11	412
9,238.6	313	5.7	266	13.0	39	20.2	153	1.92	14.3	10.5	117	2.3	341	5.8	290	62	413
7,483.7	352	2.2	390	2.4	359	5.6	412	1.36	–	(4.6)	305	22.4	158	8.4	231	28	414
794.7	461	(1.5)	472	(2.0)	479	–		(0.65)	–	–		(27.6)	450	(7.9)	377	42	415
15,366.7	235	22.8	25	1.1	412	9.5	344	1.66	(17.8)	(4.7)	307	(0.7)	362	(5.4)	369	8	416
4,836.7	388	5.6	269	9.9	75	13.4	257	309.96	80.3	8.8	155	50.2	25	15.7	65	22	417
13,963.9	257	8.2	193	2.1	368	8.6	372	1.67	(1.8)	0.2	273	32.5	78	11.5	143	65	418
5,018.1	383	4.8	293	4.6	254	–		1.15	(34.3)	–		18.9	196	10.1	181	59	419
2,502.1	435	3.0	353	5.4	216	17.2	192	5.84	(3.3)	11.3	108	4.0	322	12.6	118	67	420
2,926.7	427	2.6	371	5.0	237	11.9	289	2.52	38.5	16.8	50	5.6	308	15.0	74	17	421
19,401.7	206	10.6	133	4.7	250	10.4	322	2.35	39.9	–		17.8	208	–		19	422
1,517.5	451	(0.7)	469	(1.3)	475	(7.2)	464	(1.12)	–	–		55.3	19	(1.4)	357	58	423
2,088.4	442	(19.8)	497	(30.1)	500	(134.0)	478	(8.66)	(1,832.0)	–		(46.1)	463	–		17	424
–		8.9	168	2.9	326	7.1	394	–	–	–		–		–		37	425
–		12.2	106	5.2	224	34.7	59	–	–	–		–		–		55	426
4,788.1	390	3.9	331	5.7	197	23.3	120	2.60	20.4	(0.7)	283	6.2	304	1.6	336	7	427
11,054.9	282	10.1	143	6.9	154	16.8	195	1.83	33.6	15.9	60	2.4	338	2.5	325	9	428
421.9	465	(12.6)	495	(5.7)	488	–		(9.46)	–	–		12.6	258	–		18	429
13,381.9	265	18.2	51	7.1	145	20.3	151	1.66	11.8	–		(23.8)	445	–		18	430
12,816.0	268	13.6	85	8.9	98	29.0	77	3.88	18.3	2.6	246	(3.2)	374	2.7	324	63	431
2,012.0	444	3.2	351	6.0	189	15.8	216	2.27	144.1	–		40.9	49	(7.4)	374	56	432
5,527.8	377	11.0	123	7.8	125	22.6	124	4.19	76.4	–		3.7	325	10.7	163	63	433
9,949.8	303	6.1	257	11.0	60	31.1	66	3.16	10.1	13.7	82	10.1	278	15.6	69	64	434
39,967.8	109	21.5	31	0.9	422	11.2	303	0.95	21.8	16.3	53	17.1	219	11.6	140	55	435
–		2.7	367	0.9	419	2.1	442	–	–	–		–		–		38	436
15,124.8	240	11.5	112	8.5	104	30.6	71	3.56	16.7	–		51.4	24	–		6	437
10,239.2	299	9.7	153	2.6	346	8.7	368	2.40	103.4	(1.7)	293	32.6	77	4.4	310	65	438
7,729.1	347	8.3	189	7.4	135	16.9	194	1.45	(43.8)	0.7	268	(32.1)	458	8.6	228	71	439
12,646.8	271	8.5	182	7.0	150	18.1	181	5.91	(5.4)	9.2	142	18.1	205	8.0	241	28	440
8,447.1	335	17.7	53	9.5	90	32.6	62	4.58	175.9	(0.7)	285	10.9	268	(5.9)	370	51	441
14,336.3	250	10.6	134	7.3	140	41.5	45	3.40	3.7	6.3	202	7.2	296	7.8	247	31	442
844.9	460	(10.5)	493	(18.6)	498	(138.8)	480	(12.86)	–	–		(47.5)	464	1.3	338	15	443
73.8	466	0.1	458	2.7	340	16.7	202	1.09	–	–		–		–		71	444
–		1.5	418	4.5	258	12.9	268	5.52	8.4	19.8	35	–		–		67	445
–		(107.2)	500	(21.9)	499	–		–	–	–		–		–		16	446
2,514.9	434	(0.2)	463	(0.0)	463	(5.8)	459	(0.51)	–	–		19.5	193	6.6	274	32	447
1,213.0	456	2.4	380	3.7	299	10.3	323	1.40	(5.4)	–		(53.0)	465	–		46	448
24,273.3	180	18.3	50	3.2	316	13.3	261	1.61	3.9	–		5.6	309	–		50	449
2,375.4	437	1.9	401	5.1	232	25.1	99	3.71	5.7	9.3	140	41.3	47	19.9	31	5	450
7,691.4	348	6.7	232	7.3	138	25.8	97	3.99	(10.7)	20.1	34	26.4	120	16.9	53	47	451
4,477.0	396	(0.7)	468	(0.3)	464	(17.6)	469	(0.07)	(117.5)	–		15.1	234	–		59	452

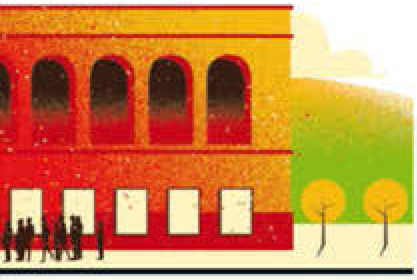
453-500 /500



NO. 474
NETFLIX The video-streaming service grew its member base in the U.S. by 17% last year, while its international membership rocketed up 67%. It plans to expand to 200 countries by the end of 2016. — *C.G.*

RANK 2014	2013	Company	REVENUES $ millions	% change from 2013	PROFITS $ millions	Rank	% change from 2013	ASSETS $ millions	Rank	STOCKHOLDERS' EQUITY $ millions	Rank
453	446	PULTEGROUP *Atlanta, Ga.* [52]	5,822.4	2.5	474.3	324	(81.9)	8,569.4	351	4,805.0	256
454	466	JETBLUE AIRWAYS *Long Island City, N.Y.*	5,817.0	6.9	401.0	342	138.7	7,839.0	367	2,529.0	341
455	436	NEWELL RUBBERMAID *Atlanta, Ga.*	5,810.4¶	(1.3)	377.8	349	(20.4)	6,681.1	399	1,851.4	378
456	464	CON-WAY *Ann Arbor, Mich.*	5,806.1	6.1	137.0	426	38.2	3,335.6	470	1,195.8	423
457	467	CALUMET SPECIALTY PRODUCTS PARTNERS *Indianapolis, Ind.* [P]	5,791.1[E]	6.8	(112.2)	472	(3,305.7)	3,119.8	475	810.2	446
458	•	EXPEDIA *Bellevue, Wash.*	5,763.5	20.8	398.1	343	71.0	9,020.5	345	1,784.3	384
459	487	AMERICAN FINANCIAL GROUP *Cincinnati, Ohio*	5,713.0	12.2	452.0	329	(4.0)	47,535.0	120	4,879.0	254
460	480	TRACTOR SUPPLY *Brentwood, Tenn.*	5,711.7	10.6	370.9	353	13.0	2,034.6	490	1,293.6	417
461	500	UNITED RENTALS *Stamford, Conn.*	5,685.0	14.7	540.0	299	39.5	12,467.0	298	1,796.0	381
462	412	INGREDION *Westchester, Ill.*	5,668.4	(10.4)	354.9	357	(10.3)	5,091.0	434	2,177.0	355
463	•	NAVIENT *Wilmington, Del.* [53]	5,637.0	–	1,149.0	187	–	146,352.0	47	4,198.0	275
464	457	MEADWESTVACO *Richmond, Va.*	5,631.0	1.6	263.0	390	(68.7)	9,364.0	336	3,254.0	314
465	•	AGL RESOURCES *Atlanta, Ga.*	5,628.0¶	23.0	482.0	319	63.4	14,909.0	274	3,784.0	293
466	462	ST. JUDE MEDICAL *St. Paul, Minn.*	5,622.0	2.2	1,002.0	211	38.6	10,207.0	326	4,199.0	274
467	435	J.M. SMUCKER *Orrville, Ohio* [43]	5,610.6	(4.9)	565.2	290	3.9	9,072.1	342	5,029.6	250
468	458	WESTERN UNION *Englewood, Colo.*	5,607.2	1.2	852.4	228	6.8	9,890.4	330	1,300.4	415
469	451	CLOROX *Oakland, Calif.* [9]	5,591.0	(0.6)	558.0	293	(2.4)	4,258.0	448	154.0	476
470	469	DOMTAR *Fort Mill, S.C.* [54]	5,563.0	3.2	431.0	334	373.6	6,185.0	406	2,890.0	326
471	468	KELLY SERVICES *Troy, Mich.*	5,562.7	2.8	23.7	456	(59.8)	1,917.9	495	833.7	444
472	465	OLD REPUBLIC INTERNATIONAL *Chicago, Ill.*	5,530.7	1.6	409.7	340	(8.5)	16,988.1	251	3,924.0	285
473	474	ADVANCED MICRO DEVICES *Sunnyvale, Calif.*	5,506.0	3.9	(403.0)	485	–	3,767.0	458	187.0	473
474	•	NETFLIX *Los Gatos, Calif.*	5,504.7	25.8	266.8	387	137.4	7,056.7	389	1,857.7	376
475	443	BOOZ ALLEN HAMILTON HOLDING *McLean, Va.* [4]	5,478.7	(4.9)	232.2	402	6.0	2,940.8	478	171.6	474
476	486	QUINTILES TRANSNATIONAL HOLDINGS *Durham, N.C.*	5,460.0	7.1	356.4	356	57.3	3,305.8	472	(704.1)	485
477	452	WYNN RESORTS *Las Vegas, Nev.*	5,433.7	(3.3)	731.6	250	0.4	9,062.9	343	(28.8)	482
478	•	JONES LANG LASALLE *Chicago, Ill.*	5,429.6	21.7	386.1	347	43.1	5,075.3	435	2,386.8	347
479	447	REGIONS FINANCIAL *Birmingham, Ala.*	5,428.0¶	(4.2)	1,155.0	185	2.9	119,679.0	57	16,989.0	95
480	437	CH2M HILL *Englewood, Colo.*	5,413.5	(7.9)	(181.5)	476	(253.4)	2,941.3	477	212.8	472
481	•	WESTERN & SOUTHERN FINANCIAL GROUP *Cincinnati, Ohio*	5,404.4	12.3	789.6	238	224.6	41,354.3	133	4,498.6	263
482	•	LITHIA MOTORS *Medford, Ore.*	5,402.9¶	33.6	138.7	425	30.9	2,880.9	481	673.1	452
483	•	SALESFORCE.COM *San Francisco, Calif.* [1]	5,373.6	32.0	(262.7)	479	–	10,693.0	320	3,975.2	283
484	482	ALASKA AIR GROUP *Seattle, Wash.*	5,368.0	4.1	605.0	282	19.1	6,181.0	407	2,127.0	359
485	477	HOST HOTELS & RESORTS *Bethesda, Md.* [R]	5,354.0	1.6	732.0	249	130.9	12,207.0	303	7,336.0	192
486	•	HARMAN INTERNATIONAL INDUSTRIES *Stamford, Conn.* [9]	5,348.5	24.4	234.7	400	64.8	4,125.6	454	1,792.6	382
487	•	AMPHENOL *Wallingford, Conn.*	5,345.5	15.8	709.1	255	11.6	7,027.0	390	2,907.4	325
488	476	REALOGY HOLDINGS *Madison, N.J.*	5,328.0	0.7	143.0	424	(67.4)	7,538.0	375	2,179.0	354
489	488	UNITED STATIONERS *Deerfield, Ill.*	5,327.2	4.8	119.2	432	(3.2)	2,370.2	485	856.1	443
490	•	HANESBRANDS *Winston-Salem, N.C.*	5,324.7	15.1	404.5	341	22.4	5,221.8	431	1,386.8	411
491	441	KINDRED HEALTHCARE *Louisville, Ky.*	5,324.7¶	(8.1)	(79.8)	469	–	5,653.0	421	1,441.9	405
492	•	ARRIS GROUP *Suwanee, Ga.*	5,322.9	47.0	327.2	364	–	4,365.6	446	1,690.8	390
493	483	INSIGHT ENTERPRISES *Tempe, Ariz.*	5,316.2	3.3	75.7	444	6.6	1,948.1	491	721.2	449
494	•	ALLIANCE DATA SYSTEMS *Plano, Texas*	5,302.9	22.8	506.3	312	2.0	20,264.0	225	2,396.4	345
495	•	LIFEPOINT HOSPITALS *Brentwood, Tenn.*	5,300.9	19.7	126.1	430	(1.6)	5,457.0	425	2,154.6	357
496	•	PIONEER NATURAL RESOURCES *Irving, Texas*	5,293.0¶	31.4	930.0	219	–	14,926.0	273	8,581.0	171
497	494	WYNDHAM WORLDWIDE *Parsippany, N.J.*	5,281.0	5.4	529.0	305	22.5	9,679.0	333	1,255.0	418
498	475	OWENS CORNING *Toledo, Ohio*	5,276.0	(0.4)	226.0	404	10.8	7,555.0	373	3,692.0	298
499	497	ALLEGHANY *New York, N.Y.*	5,231.8	5.2	679.2	259	8.1	23,489.4	206	7,473.4	190
500	484	MCGRAW HILL FINANCIAL *New York, N.Y.*	5,190.0¶	0.9	(115.0)	473	(108.4)	6,771.0	395	488.0	464
		TOTALS	12,523,186.4		944,524.7			38,146,204.4		6,594,455.7	

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.



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MARKET VALUE 3/31/15		PROFITS AS % OF ...						EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS					
$ millions	Rank	Revenues %	Rank	Assets %	Rank	Stockholders' equity %	Rank	2014 $	% change from 2013	2004–2014 annual growth rate %	Rank	2014 %	Rank	2004–2014 annual rate %	Rank	Industry table number	RANK 2014
8,143.9	343	8.1	194	5.5	208	9.9	332	1.26	(81.3)	(10.4)	323	6.4	302	(3.4)	363	30	453
5,984.0	367	6.9	229	5.1	230	15.9	215	1.19	128.8	15.3	64	85.7	5	0.2	345	3	454
10,490.3	290	6.5	240	5.7	200	20.4	149	1.35	(17.2)	—		20.0	187	7.5	254	29	455
2,546.1	433	2.4	386	4.1	278	11.5	297	2.36	36.4	—		25.2	133	0.9	340	62	456
1,822.0	447	(1.9)	475	(3.6)	483	(13.8)	468	(1.80)	—	—		(5.5)	387	—		48	457
11,928.2	274	6.9	228	4.4	262	22.3	127	2.99	79.0	—		23.5	148	—		39	458
5,633.4	373	7.9	200	1.0	418	9.3	352	4.97	(3.7)	4.5	228	8.6	289	13.7	100	38	459
11,609.0	277	6.5	242	18.2	8	28.7	78	2.66	14.7	21.1	31	2.5	335	24.3	11	58	460
8,835.4	320	9.5	157	4.3	265	30.1	73	5.15	41.5	—		30.9	91	18.4	41	71	461
5,564.5	376	6.3	252	7.0	151	16.3	209	4.74	(6.1)	14.3	76	26.9	118	14.0	95	22	462
8,161.7	342	20.4	40	0.8	427	27.4	89	2.69	—	—		—		—		13	463
8,350.3	339	4.7	298	2.8	333	8.1	379	1.53	(67.2)	—		26.4	121	8.0	242	47	464
5,947.7	368	8.6	180	3.2	313	12.7	274	4.04	62.2	5.9	206	19.9	188	9.8	192	65	465
18,320.0	212	17.8	52	9.8	79	23.9	113	3.46	39.0	12.1	99	6.7	300	5.3	300	41	466
13,848.6	259	10.1	144	6.2	175	11.2	301	5.42	8.4	9.4	136	(0.2)	359	11.8	135	21	467
10,851.3	286	15.2	69	8.6	100	65.5	24	1.59	11.2	—		6.9	297	—		19	468
14,480.7	248	10.0	148	13.1	38	362.3	4	4.23	(1.6)	5.2	215	16.0	227	9.0	216	32	469
2,946.8	426	7.7	205	7.0	152	14.9	228	6.64	388.2	—		(12.0)	415	—		24	470
657.9	463	0.4	451	1.2	404	2.8	436	0.61	(60.4)	(0.2)	276	(31.0)	456	(4.4)	364	60	471
3,899.3	407	7.4	216	2.4	356	10.4	319	1.44	(8.3)	(2.7)	297	(11.2)	410	2.1	331	38	472
2,084.3	443	(7.3)	491	(10.7)	495	(215.5)	481	(0.53)	—	—		(31.0)	455	(19.0)	384	56	473
25,208.9	173	4.8	291	3.8	293	14.4	238	4.32	133.5	29.3	10	(7.2)	397	39.4	2	58	474
4,334.1	398	4.2	319	7.9	120	135.3	12	1.54	6.2	—		54.5	20	—		34	475
8,357.7	338	6.5	239	10.8	65	—		2.72	53.7	—		27.0	116	—		28	476
12,780.0	269	13.5	88	8.1	114	—		7.18	0.1	—		(21.0)	439	13.5	104	31	477
7,639.8	349	7.1	224	7.6	129	16.2	210	8.52	42.5	15.8	61	47.0	33	15.6	68	53	478
12,690.4	270	21.3	33	1.0	416	6.8	398	0.80	3.9	(9.6)	321	8.4	292	(8.9)	378	8	479
—		(3.4)	482	(6.2)	490	(85.3)	476	(6.42)	(262.1)	—		—		—		17	480
—		14.6	74	1.9	377	17.6	187	—	—	—		—		—		35	481
2,609.6	431	2.6	373	4.8	243	20.6	147	5.26	29.9	8.8	153	25.9	127	14.6	81	5	482
43,466.6	99	(4.9)	486	(2.5)	481	(6.6)	460	(0.42)	—	—		7.5	295	30.2	5	10	483
8,660.9	328	11.3	117	9.8	81	28.4	82	4.42	23.5	—		64.6	13	21.9	18	3	484
15,286.8	237	13.7	83	6.0	186	10.0	331	0.96	128.6	—		26.0	126	6.0	284	53	485
9,170.8	315	4.4	310	5.7	198	13.1	264	3.36	64.7	4.0	232	31.9	82	(1.3)	356	15	486
18,279.8	213	13.3	91	10.1	71	24.4	109	2.21	12.8	17.1	44	21.8	165	19.7	32	45	487
6,663.6	359	2.7	370	1.9	378	6.6	401	0.97	(67.6)	—		(10.1)	406	—		53	488
1,580.7	448	2.2	388	5.0	234	13.9	248	3.05	(0.3)	8.7	157	(6.8)	395	6.8	267	68	489
13,431.0	264	7.6	211	7.7	127	29.2	76	0.99	22.2	—		61.0	17	—		4	490
1,884.8	445	(1.5)	473	(1.4)	476	(5.5)	458	(1.36)	—	—		(5.8)	390	(2.0)	359	27	491
4,194.4	402	6.1	255	7.5	131	19.4	165	2.21	—	—		24.0	144	15.7	67	45	492
1,133.8	458	1.4	419	3.9	288	10.5	318	1.83	11.6	1.1	265	14.0	246	2.4	327	68	493
18,606.1	210	9.5	156	2.5	349	21.1	141	7.87	6.1	20.5	33	8.8	287	19.7	33	19	494
3,246.4	421	2.4	382	2.3	361	5.9	408	2.69	0.0	2.2	249	36.1	64	7.5	253	27	495
24,357.1	179	17.6	54	6.2	174	10.8	311	6.38	—	10.0	123	(19.1)	435	15.9	62	43	496
10,906.9	285	10.0	147	5.5	214	42.2	44	4.18	30.2	—		18.5	201	—		31	497
5,131.9	380	4.3	315	3.0	323	6.1	406	1.91	11.7	—		(10.9)	409	—		71	498
7,793.7	345	13.0	95	2.9	329	9.1	358	41.40	10.6	12.0	100	15.9	228	6.4	277	38	499
28,340.3	158	(2.2)	480	(1.7)	478	(23.6)	472	(0.42)	(108.6)	—		15.4	233	9.6	197	19	500
17,415,696.1																	

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→ Companies leaving the list this year include drugmaker **MYLAN** and medical device maker **MEDTRONIC**, both of which moved overseas through so-called inversions to seek lower tax rates. Travel site **EXPEDIA** is among the companies debuting on the list.

ARRIVALS AND DEPARTURES

NEWCOMERS AND RETURNEES

		500 rank 2014	1,000 rank 2013	2014 REVENUES $ millions
1	AGL RESOURCES*	465	532	5,628.0
2	ALLIANCE DATA SYSTEMS	494	571	5,302.9
3	A-MARK PRECIOUS METALS	444	–	5,979.4
4	AMPHENOL*	487	533	5,345.5
5	ARRIS GROUP	492	644	5,322.9
6	DELEK US HOLDINGS	345	–	8,324.3
7	EXPEDIA	458	515	5,763.5
8	FARMERS INSURANCE EXCHANGE	264	–	11,318.1
9	HANESBRANDS*	490	530	5,324.7
10	HARMAN INTERNATIONAL INDUSTRIES*	486	576	5,348.5
11	JONES LANG LASALLE	478	552	5,429.6
12	LANSING TRADE GROUP	411	–	6,613.9
13	LIFEPOINT HOSPITALS	495	555	5,300.9
14	LITHIA MOTORS	482	602	5,402.9
15	NAVIENT	463	–	5,637.0
16	NETFLIX	474	563	5,504.7
17	NEWS CORP.	331	–	8,574.0
18	NGL ENERGY PARTNERS	299	556	9,699.3
19	PACKAGING CORP. OF AMERICA*	451	640	5,852.6
20	PIONEER NATURAL RESOURCES	496	605	5,293.0
21	SALESFORCE.COM	483	599	5,373.6
22	SPARTANNASH*	359	811	7,916.1
23	SPIRIT AEROSYSTEMS HOLDINGS	396	–	6,799.2
24	TRINITY INDUSTRIES*	433	559	6,170.0
25	VOYA FINANCIAL	268	–	11,070.9
26	WESTERN & SOUTHERN FINANCIAL GROUP*	481	511	5,404.4

DISPLACED FROM LIST

		1,000 rank 2014	500 rank 2013	2013 REVENUES $ millions
1	AIRGAS	508	498	4,957.5
2	ANDERSONS	569	453	5,604.6
3	BEMIS	534	492	5,029.8
4	BIG LOTS	501	473	5,301.9
5	CF INDUSTRIES HOLDINGS	543	463	5,474.7
6	CLIFFS NATURAL RESOURCES	560	445	5,691.4
7	COACH	535	489	5,075.4
8	CONSOL ENERGY	652	434	5,898.6
9	FIRST AMERICAN FINANCIAL	554	499	4,956.1
10	HARRIS	517	471	5,371.4
11	HERTZ GLOBAL HOLDINGS	–	264	10,771.9
12	JOY GLOBAL	642	493	5,012.7
13	LEIDOS HOLDINGS	506	442	5,788.0
14	LORILLARD	513	496	4,972.0
15	MEDTRONIC	–	173	16,590.0
16	MYLAN	–	377	6,909.1
17	NII HOLDINGS	651	495	4,977.5
18	NOBLE ENERGY	505	491	5,052.0
19	OAKTREE CAPITAL GROUP	704	354	7,405.2
20	SIMON PROPERTY GROUP	529	479	5,170.1
21	SLM	–	417	6,263.0
22	SMITHFIELD FOODS	–	214	13,221.1
23	SPECTRUM GROUP INTERNATIONAL	–	353	7,406.2
24	SUSSER HOLDINGS	–	439	5,831.1
25	URS	–	256	10,990.7
26	VANGUARD HEALTH SYSTEMS	–	388	6,666.7

*A RETURNEE TO THE *FORTUNE* 500 LIST.

THE 38 MONEY LOSERS

Company	500 rank	LOSS $ millions
ENERGY FUTURE HOLDINGS	446	6,406.0*
APACHE	218	5,403.0
CAESARS ENTERTAINMENT	328	2,783.0*
ANADARKO PETROLEUM	162	1,750.0
SEARS HOLDINGS	99	1,682.0*
TARGET	36	1,636.0
FREEPORT-MCMORAN	137	1,308.0
KBR	424	1,262.0
GENWORTH FINANCIAL	304	1,244.0
IHEARTMEDIA	429	793.8*
PEABODY ENERGY	398	787.0*
J.C. PENNEY	250	771.0*
GENERAL CABLE	443	627.6*

Company	500 rank	LOSS $ millions
NAVISTAR INTERNATIONAL	276	619.0*
FIRST DATA	265	457.8*
ADVANCED MICRO DEVICES	473	403.0*
AVON PRODUCTS	322	388.6*
ICAHN ENTERPRISES	155	373.0
OFFICE DEPOT	194	354.0*
VISTEON	344	295.0
TOYS "R" US	245	292.0*
SALESFORCE.COM	483	262.7*
AMAZON.COM	29	241.0
CHARTER COMMUNICATIONS	317	183.0*
CH2M HILL	480	181.5
MGM RESORTS INTERNATIONAL	289	149.9*

Company	500 rank	LOSS $ millions
BOSTON SCIENTIFIC	378	119.0*
MCGRAW HILL FINANCIAL	500	115.0
CALUMET SPECIALTY PRODUCTS PARTNERS	457	112.2
AK STEEL HOLDING	415	96.9*
LIVE NATION ENTERTAINMENT	392	90.8*
KINDRED HEALTHCARE	491	79.8*
US FOODS	128	72.9*
BARNES & NOBLE	423	47.3*
WINDSTREAM HOLDINGS	452	39.5
PBF ENERGY	149	38.2
DEAN FOODS	306	20.3
HRG GROUP	447	10.3*

*ALSO LOST MONEY IN 2013.

500

DEFINITIONS AND EXPLANATIONS

METHODOLOGY Companies are ranked by total revenues for their respective fiscal years. Included in the survey are companies that are incorporated in the U.S. and operate in the U.S. and file financial statements with a government agency. This includes private companies and cooperatives that file a 10-K or a comparable financial statement with a government agency, and mutual insurance companies that file with state regulators. It also includes companies that file with a government agency but are owned by private companies, domestic or foreign, that do not file such financial statements. Excluded are private companies not filing with a government agency; companies incorporated outside the U.S.; and U.S. companies consolidated by other companies, domestic or foreign, that file with a government agency. Also excluded are companies that failed to report full financial statements for at least three-quarters of the current fiscal year. Percent change calculations for revenue, net income, and earnings per share are based on data as originally reported. They are not restated for mergers, acquisitions, or accounting changes. The only changes to the prior years' data are for significant restatement due to reporting errors that require a company to file an amended 10-K.

REVENUES Revenues are as reported, including revenues from discontinued operations when published. If a spin-off is on the list, it has not been included in discontinued operations. Revenues for commercial banks and savings institutions are interest and noninterest revenues. Revenues for insurance companies include premium and annuity income, investment income, and capital gains or losses, but exclude deposits. Revenues figures for all companies include consolidated subsidiaries and exclude excise taxes. Data shown are for the fiscal year ended on or before Jan. 31, 2015. Unless otherwise noted, all figures are for the year ended Dec. 31, 2014.

PROFITS Profits are shown after taxes, extraordinary credits or charges, cumulative effects of accounting changes, and noncontrolling interests (including subsidiary preferred dividends), but before preferred dividends of the company. Figures in parentheses indicate a loss. Profit declines of more than 100% reflect swings from 2013 profits to 2014 losses. Profits for real estate investment trusts, partnerships, and cooperatives are reported but are not comparable with those of the other companies on the list because they are not taxed on a comparable basis. Profits for mutual insurance companies are based on statutory accounting.

BALANCE SHEET Assets are the company's year-end total. Total stockholders' equity is the sum of all capital stock, paid-in capital, and retained earnings at the company's year-end. Excluded is equity attributable to noncontrolling interests. Also excluded is redeemable preferred stock whose redemption is either mandatory or outside the company's control. Dividends paid on such stock have been subtracted from the profit figures used in calculating return on equity.

EMPLOYEES The figure shown is a fiscal year-end number as published by the company in its annual report. Where the breakdown between full- and part-time employees is supplied, a part-time employee is counted as one-half of a full-time employee.

EARNINGS PER SHARE The figure shown for each company is the diluted earnings-per-share figure that appears on the income statement. Per-share earnings are adjusted for stock splits and stock dividends. Though earnings-per-share numbers are not marked by footnotes, if a company's profits are footnoted it can be assumed that earnings per share is affected as well. The five-year and 10-year earnings-growth rates are the annual rates, compounded.

TOTAL RETURN TO INVESTORS Total return to investors includes both price appreciation and dividend yield to an investor in the company's stock. The figures shown assume sales at the end of 2014 of stock owned at the end of 2004, 2009, and 2013. It has been assumed that any proceeds from cash dividends and stock received in spin-offs were reinvested when they were paid. Returns are adjusted for stock splits, stock dividends, recapitalizations, and corporate reorganizations as they occurred; however, no effort has been made to reflect the cost of brokerage commissions or of taxes. Total-return percentages shown are the returns received by the hypothetical investor described above. The five-year and 10-year returns are the annual rates, compounded.

MEDIANS No attempt has been made to calculate median figures in the tables for groups of fewer than four companies. The medians for profit changes from 2013 to 2014 do not include companies that lost money in 2013 or lost money in both 2013 and 2014, because no meaningful percentage changes can be calculated in such cases.

CREDITS This *Fortune* 500 Directory was prepared under the direction of list editor Scott DeCarlo. Income statement and balance sheet data provided by the companies were reviewed and verified against published earnings releases, 10-K filings, and annual reports by reporter Douglas G. Elam and accounting specialists Richard K. Tucksmith and Rhona Altschuler. Markets editor Kathleen Smyth used those same sources to check the data for earnings per share. In addition, she used data provided by Thomson Reuters and S&P Capital IQ to calculate total return and market capitalization. Database administrator Larry Shine provided technical support. Edith Fried reviewed and edited nonstatistical information. Researchers Viki Goldman and Kathleen Lyons assisted with the data gathering and verification. The data verification process was aided substantially by information provided by S&P Capital IQ. Other sources used were FactSet Research Systems, Hoover's, and Morningstar Document Research.

FOOTNOTES

¶Includes revenues from discontinued operations.

[C] A cooperative.

[E] Excise taxes have been deducted.

[L] A limited liability company.

[P] A partnership.

[R] A real estate investment trust.

[1] Figures are for fiscal year ended Jan. 31, 2015.

[2] Figures are for fiscal year ended Sept. 30, 2014.

[3] Changed name from CVS Caremark, Sept. 3, 2014.

[4] Figures are for fiscal year ended March 31, 2014.

[5] Acquired MWI Veterinary Supply (2013 rank: 873), Feb. 24, 2015.

[6] Company's senior preferred stock is owned by the U.S. Treasury, which also holds a warrant to purchase 79.9% of the common stock.

[7] Figures are for fiscal year ended Aug. 31, 2014.

[8] Figures are for fiscal year ended Oct. 31, 2014.

[9] Figures are for fiscal year ended June 30, 2014.

[10] Reorganized as a holding company after acquiring the remaining 55% of Alliance Boots (Switzerland), Dec. 31, 2014. Financial figures are for Walgreen, now a subsidiary of the company.

[11] Changed name from WellPoint, Dec. 3, 2014.

[12] Acquired Susser Holdings (2013 rank: 439), Aug. 29, 2014.

[13] Spun off Zoetis (2014 rank: 538), June 24, 2013.

[14] Figures are for fiscal year ended July 31, 2014.

[15] Figures are for fiscal year ended May 31, 2014.

[16] A mutual company, not a stock company. It is grouped with stock companies because it reports according to Generally Accepted Accounting Principles.

[17] Acquired Hillshire Brands (2013 rank: 608), Aug. 29, 2014.

[18] Acquired and taken private by AB Acquisition, Jan. 30, 2015.

[19] Company reports sale of physical commodities on a gross basis.

[20] Spun off News Corp. (2014 rank: 331), June 28, 2013.

[21] Figures are for fiscal year ended Feb. 28, 2014.

[22] Changed name from Freeport-McMoRan Copper & Gold, July 14, 2014.

[23] Spun off Seventy Seven Energy (2014 rank: 987), July 1, 2014.

[24] Changed name from Aramark Holdings, May 9, 2014.

[25] Figures are for fiscal year ended Nov. 30, 2014.

[26] Changed name from ING U.S., April 7, 2014, after its former parent, ING Groep (Netherlands), reduced its stake in the company to 43% and deconsolidated it, March 25, 2014.

[27] Changed fiscal year-end from April 30 to Dec. 31. Comparison is with fiscal year ended April 30, 2013.

[28] Majority owned by funds controlled by Blackstone Group (2014 rank: 373).

[29] Changed name from Biogen Idec, March 23, 2015.

[30] Spun off WhiteWave Foods (2014 rank: 686), May 23, 2014.

[31] Incorporated in the U.S. and headquartered in Stockholm. Its North American headquarters are in Auburn Hills, Mich.

[32] Changed fiscal year-end from May 31 to Dec. 31. Comparison is with fiscal year ended May 31, 2013.

[33] Spun off from Twenty-First Century Fox (2014 rank: 97), June 28, 2013.

[34] Not a mutual company, but reports financial data according to statutory accounting.

[35] Acquired URS (2013 rank: 256), Oct. 17, 2014. Changed name from AECOM Technology, Jan. 5, 2015.

[36] Its former parent, Delek Group (Israel), reduced its stake in the company to 30.5%, March 20, 2013, and deconsolidated it.

[37] Changed fiscal year-end from March 31 to Dec. 31. Comparison is with fiscal year ended March 31, 2013.

[38] Changed name from Spartan Stores, May 28, 2014.

[39] Moved headquarters from Elmwood Park, N.J., July 23, 2014.

[40] Changed name from Northeast Utilities, Feb. 19, 2015.

[41] Moved headquarters from Natick, Mass., July 11, 2014.

[42] Acquired by Actavis (Ireland), March 18, 2015.

[43] Figures are for fiscal year ended April 30, 2014.

[44] Taken private by a consortium led by BC Partners, March 11, 2015.

[45] Its former parent, Onex (Canada), reduced its stake in the company, June 4, 2014, and deconsolidated it.

[46] Acquired by Alimentation Couche-Tard (Canada), March 17, 2015.

[47] Net income before allocations to partners. Total partnership capital subject to mandatory redemption.

[48] Changed name from CC Media Holdings, Sept. 16, 2014.

[49] Consists of a nonpublic reciprocal insurer and a publicly held management company, which consolidates all company operations. Consolidated data is reported according to Generally Accepted Accounting Principles.

[50] Spun off from Spectrum Group International (2013 rank: 353), May 14, 2014.

[51] Changed name from Harbinger Group, March 11, 2015.

[52] Moved headquarters from Bloomfield Hills, Mich., May 2014.

[53] Spun off from SLM (2013 rank: 417), April 30, 2014.

[54] Incorporated in the U.S. and headquartered in Montreal. Its U.S. operations center is in Fort Mill, S.C.

Thanks to these generous corporate partners, the Red Cross is able to bring help and hope to people across the country.

Thank you.

American Red Cross

Mission Partner

Walmart

Annual Disaster Giving Program Members

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The American Red Cross responds to a home fire or other disaster every 8 minutes.
Photo: Daniel Cima/American Red Cross

redcross.org

ETERNITY | 28.5"x16.5"x 10" | Polsihed Bronze

Eternity

Each of us experiences the inside and outside of our lives on a daily basis. On the outside we arm ourselves in order to protect our internal life, our intimacy, our loved ones, and our personal beliefs. We have one face we share with the world, while watchful that nothing penetrates the sanctity of our internal peace. From inside we have all the windows to the world, but we only open them to the ones we trust. In "Eternity" we live peacefully encompassed by the healing rose, symbolizing Compassion and Love.

YUROZ

15YUROZ001-04-128243-1

YUROZ

BEFORE SUNSET | 48" x 36" (121.92cm x 91.44cm) | Serigraph on Canvas

Before Sunset

As the sun melts warmly into the horizon, these lovers enjoy the pleasure of the moment "Before Sunset" when they will become part of each other. He offers her his pomegranate, while she reads poetry. He has finished his wine and watches as she slowly sips hers, all the while encouraging her to hurry and join him as he dreams of the night ahead.

How the Companies Stack Up

THERE ARE OTHER MEASURES OF SUCCESS BESIDES ANNUAL REVENUE. HERE ARE THE TOP PERFORMERS IN CATEGORIES SUCH AS EARNINGS GROWTH, CAPITAL EFFICIENCY, TOTAL RETURN TO SHAREHOLDERS, AND MORE.

For the first time since 2012, **APPLE** didn't rank No. 1 in 10-year profit growth. The technology titan fell to second place, behind Massachusetts biotechnology company **BIOGEN**, which soared on the strength of its multiple sclerosis drug Tecfidera.

FASTEST-GROWING COMPANIES

GROWTH IN PROFITS

1 YEAR

Rank		500 revenues rank	2014 % growth in EPS
1	STARBUCKS	187	27,000.0
2	CALPINE	353	7,600.0
3	AVIS BUDGET GROUP	336	1,380.0
4	WASTE MANAGEMENT	217	1,228.6
5	AES	178	606.7
6	HARTFORD FINANCIAL SERVICES	160	408.8
7	DOMTAR	470	388.2
8	WILLIAMS	370	371.0
9	PLAINS GP HOLDINGS	67	370.0
10	APPLIED MATERIALS	319	314.3
11	GILEAD SCIENCES	118	306.1
12	GOODYEAR TIRE	166	285.1
13	VOYA FINANCIAL	268	279.0
14	CARDINAL HEALTH	26	248.5
15	WEYERHAEUSER	355	234.7
16	ENERGY TRANSFER EQUITY	53	228.6
17	MASCO	334	213.2
18	PVH	351	202.9
19	GLOBAL PARTNERS	180	178.2
20	MERCK	71	176.9
	THE 500 MEDIAN		9.9

5 YEARS

Rank		500 revenues rank	2009–14 % annual growth in EPS
1	WYNN RESORTS	477	111.4
2	AUTOLIV	312	111.3
3	KROGER	20	99.1
4	BORGWARNER	347	90.2
5	FEDEX	65	85.2
6	CBS	212	74.0
7	LITHIA MOTORS	482	66.6
8	SOUTHWEST AIRLINES	161	66.0
9	PACCAR	158	65.2
10	CBRE GROUP	321	64.6
11	FOOT LOCKER	384	64.0
12	CAPITAL ONE FINANCIAL	126	59.3
13	ASBURY AUTOMOTIVE GROUP	450	55.4
14	DOW CHEMICAL	48	55.1
15	INGREDION	462	54.4
16	DILLARD'S	400	53.0
17	BROADCOM	340	52.7
18	STARWOOD HOTELS & RESORTS	442	52.7
19	CARMAX	232	51.6
20	CALPINE	353	49.4
	THE 500 MEDIAN		12.1

10 YEARS

Rank		500 revenues rank	2004–14 % annual growth in EPS
1	BIOGEN	298	67.8
2	APPLE	5	63.0
3	PRICELINE GROUP	339	50.6
4	CELGENE	369	40.9
5	GILEAD SCIENCES	118	40.4
6	GOOGLE	40	39.9
7	GOODYEAR TIRE	166	30.1
8	COGNIZANT TECHNOLOGY	288	29.7
9	ROCK-TENN	293	29.4
10	NETFLIX	474	29.3
11	PRECISION CASTPARTS	302	28.0
12	COMCAST	43	27.3
13	LKQ	403	26.9
14	MICRON TECHNOLOGY	190	26.6
15	MONSANTO	197	26.6
16	TENNECO	341	26.5
17	UNION PACIFIC	123	25.9
18	WESTERN DIGITAL	205	25.3
19	WILLIAMS	370	25.1
20	CROWN HOLDINGS	318	25.0
	THE 500 MEDIAN		8.1

GROWTH IN REVENUES

1 YEAR

Rank		500 revenues rank	2014 % growth in revenues
1	SPARTANNASH	359	203.5
2	GILEAD SCIENCES	118	122.2
3	NGL ENERGY PARTNERS	299	119.6
4	DEVON ENERGY	152	88.2
5	MICRON TECHNOLOGY	190	80.3
6	PACKAGING CORP. OF AMERICA	451	59.7
7	AMERICAN AIRLINES GROUP	70	59.5
8	FACEBOOK	242	58.4
9	ADVANCE AUTO PARTS	294	51.6
10	WESTERN REFINING	204	50.2
11	CENTENE	186	49.0
12	TENET HEALTHCARE	170	48.4
13	ARRIS GROUP	492	47.0
14	MOLINA HEALTHCARE	301	46.7
15	COMMUNITY HEALTH SYSTEMS	135	45.8
16	OFFICE DEPOT	194	43.2
17	NRG ENERGY	196	40.5
18	TRINITY INDUSTRIES	433	40.3
19	BIOGEN	298	40.0
20	WELLCARE HEALTH PLANS	234	36.0
	THE 500 MEDIAN		4.3

5 YEARS

Rank		500 revenues rank	2009–14 % annual growth in revenues
1	LEUCADIA NATIONAL	244	61.8
2	ENERGY TRANSFER EQUITY	53	59.4
3	APPLE	5	38.0
4	ALLEGHANY	499	34.6
5	BLACKSTONE GROUP	373	33.4
6	SALESFORCE.COM	483	32.7
7	HOLLYFRONTIER	150	32.5
8	EXPRESS SCRIPTS HOLDING	22	32.5
9	FANNIE MAE	17	32.0
10	CENTENE	186	31.3
11	WORLD FUEL SERVICES	68	30.9
12	EOG RESOURCES	167	30.4
13	AMAZON.COM	29	29.4
14	CENTURYLINK	168	29.4
15	PRICELINE GROUP	339	29.3
16	GILEAD SCIENCES	118	28.8
17	ROCK-TENN	293	28.6
18	PVH	351	28.0
19	MICRON TECHNOLOGY	190	27.8
20	NETFLIX	474	26.9
	THE 500 MEDIAN		6.4

10 YEARS

Rank		500 revenues rank	2004–14 % annual growth in revenues
1	FANNIE MAE	17	60.9
2	GOOGLE	40	36.5
3	APPLE	5	36.3
4	GILEAD SCIENCES	118	34.1
5	CENTENE	186	32.4
6	KINDER MORGAN	193	30.1
7	AMAZON.COM	29	29.1
8	LAS VEGAS SANDS	209	28.4
9	NATIONAL OILWELL VARCO	127	25.9
10	JARDEN	348	25.7
11	WELLCARE HEALTH PLANS	234	25.0
12	PRICELINE GROUP	339	24.9
13	FREEPORT-MCMORAN	137	24.6
14	HOLLYFRONTIER	150	24.3
15	MOLINA HEALTHCARE	301	23.5
16	EOG RESOURCES	167	23.0
17	CHESAPEAKE ENERGY	142	22.7
18	WORLD FUEL SERVICES	68	22.6
19	CENTURYLINK	168	22.3
20	THERMO FISHER SCIENTIFIC	181	22.1
	THE 500 MEDIAN		5.3

ILLUSTRATION BY TIMOTHY J. REYNOLDS

For the first time, **APPLE** ranked No. 1 in total profits. Retailer **L BRANDS**, owner of Victoria's Secret and Bath & Body Works, returned some 5,800% on its tiny $18 million in shareholders' equity.

MOST PROFITABLE COMPANIES

PROFITS

Rank		500 revenues rank	2014 $ millions
1	APPLE	5	39,510.0
2	EXXON MOBIL	2	32,520.0
3	WELLS FARGO	30	23,057.0
4	MICROSOFT	31	22,074.0
5	J.P. MORGAN CHASE & CO.	21	21,762.0
6	BERKSHIRE HATHAWAY	4	19,872.0
7	CHEVRON	3	19,241.0
8	WAL-MART STORES	1	16,363.0
9	JOHNSON & JOHNSON	37	16,323.0
10	GENERAL ELECTRIC	8	15,233.0
11	GOOGLE	40	14,444.0
12	FANNIE MAE	17	14,208.0
13	GILEAD SCIENCES	118	12,101.0
14	INTL. BUSINESS MACHINES	24	12,022.0
15	MERCK	71	11,920.0
16	INTEL	52	11,704.0
17	PROCTER & GAMBLE	32	11,643.0
18	ORACLE	81	10,955.0
19	VERIZON COMMUNICATIONS	15	9,625.0
20	PFIZER	56	9,135.0
	THE 500 MEDIAN		727.3

RETURN ON REVENUES

Rank		500 revenues rank	2014 profits as % of revenues
1	GILEAD SCIENCES	118	48.6
2	VISA	238	42.8
3	MASTERCARD	308	38.2
4	BIOGEN	298	30.2
5	QUALCOMM	113	30.1
6	BLACKROCK	267	29.7
7	PRICELINE GROUP	339	28.7
8	ORACLE	81	28.6
9	ALTRIA GROUP	169	28.3
10	MERCK	71	28.2
11	FRANKLIN RESOURCES	335	28.1
12	WILLIAMS	370	27.7
13	U.S. BANCORP	138	27.4
14	WELLS FARGO	30	26.1
15	CELGENE	369	26.1
16	AMGEN	145	25.7
17	PNC FINANCIAL SVCS. GROUP	192	25.7
18	CORNING	297	25.4
19	MICROSOFT	31	25.4
20	PHILIP MORRIS INTERNATIONAL	102	25.2
	THE 500 MEDIAN		6.3

RETURN ON SHAREHOLDERS' EQUITY

Rank		500 revenues rank	2014 profits as % of equity
1	L BRANDS	262	5,788.7
2	FANNIE MAE	17	386.1
3	LANSING TRADE GROUP	411	371.8
4	CLOROX	469	362.3
5	CROWN HOLDINGS	318	325.2
6	FREDDIE MAC	42	290.1
7	KIMBERLY-CLARK	140	209.3
8	COLGATE-PALMOLIVE	179	190.4
9	ALTRIA GROUP	169	168.2
10	AMERICAN AIRLINES GROUP	70	142.6
11	UNITED PARCEL SERVICE	47	141.6
12	BOOZ ALLEN HAMILTON	475	135.3
13	LOCKHEED MARTIN	64	106.3
14	ABBVIE	146	101.8
15	INTL. BUSINESS MACHINES	24	101.3
16	ENERGY TRANSFER EQUITY	53	95.3
17	MASCO	334	92.6
18	SHERWIN-WILLIAMS	266	86.9
19	GILEAD SCIENCES	118	78.4
20	VERIZON COMMUNICATIONS	15	78.3
	THE 500 MEDIAN		14.2

MOST BANG FOR THE BUCK

REVENUES PER DOLLAR OF ASSETS

Rank		500 revenues rank	2014 $
1	A-MARK PRECIOUS METALS	444	19.6
2	INTL FCSTONE	93	11.2
3	WORLD FUEL SERVICES	68	8.9
4	GLOBAL PARTNERS	180	8.5
5	CORE-MARK HOLDING	352	7.9
6	MURPHY USA	202	7.9
7	AMERISOURCEBERGEN	16	5.6
8	TRAVELCENTERS OF AMERICA	365	5.5
9	LANSING TRADE GROUP	411	5.2
10	TECH DATA	107	4.5
11	SUPERVALU	164	4.2
12	C.H. ROBINSON WORLDWIDE	225	4.2
13	SPARTANNASH	359	4.1
14	PANTRY	402	3.9
15	PBF ENERGY	149	3.8
16	RITE AID	117	3.7
17	INGRAM MICRO	62	3.6
18	KROGER	20	3.5
19	SYSCO	61	3.5
20	CARDINAL HEALTH	26	3.5
	THE 500 MEDIAN		0.8

REVENUES PER DOLLAR OF EQUITY

Rank		500 revenues rank	2014 $
1	L BRANDS	262	636.3
2	LANSING TRADE GROUP	411	427.1
3	A-MARK PRECIOUS METALS	444	120.9
4	INTL FCSTONE	93	98.6
5	ENERGY TRANSFER EQUITY	53	83.9
6	CROWN HOLDINGS	318	76.4
7	CHARTER COMMUNICATIONS	317	62.4
8	AMERISOURCEBERGEN	16	61.1
9	TARGA RESOURCES	329	50.7
10	CLOROX	469	36.3
11	BOOZ ALLEN HAMILTON	475	31.9
12	FANNIE MAE	17	31.6
13	AVON PRODUCTS	322	30.5
14	ADVANCED MICRO DEVICES	473	29.4
15	GLOBAL PARTNERS	180	29.4
16	KIMBERLY-CLARK	140	28.9
17	TENET HEALTHCARE	170	27.5
18	UNITED PARCEL SERVICE	47	27.2
19	PLAINS GP HOLDINGS	67	26.2
20	FREDDIE MAC	42	26.2
	THE 500 MEDIAN		2.5

REVENUES PER EMPLOYEE

Rank		500 revenues rank	2014 $ millions
1	A-MARK PRECIOUS METALS	444	108.7
2	INTL FCSTONE	93	29.9
3	LANSING TRADE GROUP	411	22.1
4	HOST HOTELS & RESORTS	485	21.3
5	FANNIE MAE	17	15.3
6	GLOBAL PARTNERS	180	15.0
7	FREDDIE MAC	42	13.9
8	VALERO ENERGY	13	13.0
9	PBF ENERGY	149	11.6
10	WORLD FUEL SERVICES	68	10.7
11	PHILLIPS 66	7	10.7
12	AMERISOURCEBERGEN	16	8.9
13	PLAINS GP HOLDINGS	67	8.2
14	HOLLYFRONTIER	150	7.4
15	TESORO	77	7.1
16	ENTERPRISE PRODUCTS	59	7.0
17	HESS	141	6.9
18	KKR	356	6.6
19	TARGA RESOURCES	329	6.4
20	EOG RESOURCES	167	6.0
	THE 500 MEDIAN		0.5

While the market value of **GOOGLE** crept up by some $2 billion from last year, **APPLE'S** soared by nearly $250 billion. Airlines **SOUTHWEST, JETBLUE, DELTA,** and **UNITED CONTINENTAL** offered strong one-year investment returns.

BIGGEST COMPANIES

BY MARKET VALUE

Rank		500 revenues rank	3/31/15 $ millions
1	APPLE	5	724,773.4
2	GOOGLE	40	377,541.5
3	BERKSHIRE HATHAWAY	4	357,344.0
4	EXXON MOBIL	2	356,548.7
5	MICROSOFT	31	333,524.9
6	WELLS FARGO	30	279,919.8
7	JOHNSON & JOHNSON	37	279,717.2
8	WAL-MART STORES	1	265,343.7
9	GENERAL ELECTRIC	8	249,774.6
10	FACEBOOK	242	230,120.8
11	J.P. MORGAN CHASE & CO.	21	225,861.2
12	PROCTER & GAMBLE	32	221,279.8
13	PFIZER	56	213,622.1
14	VERIZON COMMUNICATIONS	15	198,410.4
15	CHEVRON	3	197,381.3
16	ORACLE	81	188,439.1
17	WALT DISNEY	57	178,267.2
18	COCA-COLA	63	177,142.4
19	AMAZON.COM	29	172,797.3
20	AT&T	12	169,459.0
	THE 500 MEDIAN		15,582.4

BY EQUITY

Rank		500 revenues rank	2014 $ millions
1	BANK OF AMERICA CORP.	23	243,471.0
2	BERKSHIRE HATHAWAY	4	240,170.0
3	J.P. MORGAN CHASE & CO.	21	232,065.0
4	CITIGROUP	28	210,534.0
5	WELLS FARGO	30	184,394.0
6	EXXON MOBIL	2	174,399.0
7	CHEVRON	3	155,028.0
8	GENERAL ELECTRIC	8	128,159.0
9	APPLE	5	111,547.0
10	AMERICAN INTL. GROUP	46	106,898.0
11	GOOGLE	40	104,500.0
12	MICROSOFT	31	89,784.0
13	AT&T	12	86,370.0
14	GOLDMAN SACHS GROUP	76	82,797.0
15	WAL-MART STORES	1	81,394.0
16	STATE FARM INSURANCE COS.	41	79,982.1
17	METLIFE	39	72,053.0
18	PFIZER	56	71,301.0
19	MORGAN STANLEY	82	70,900.0
20	JOHNSON & JOHNSON	37	69,752.0
	THE 500 MEDIAN		5,012.3

BY EMPLOYEES

Rank		500 revenues rank	2014 number of employees
1	WAL-MART STORES	1	2,200,000
2	MCDONALD'S	110	420,000
3	INTL. BUSINESS MACHINES	24	412,775
4	KROGER	20	400,000
5	HOME DEPOT	33	371,000
6	TARGET	36	347,000
7	UNITED PARCEL SERVICE	47	336,150
8	BERKSHIRE HATHAWAY	4	316,000
9	GENERAL ELECTRIC	8	305,000
10	YUM BRANDS	228	303,405
11	HEWLETT-PACKARD	19	302,000
12	FEDEX	65	298,099
13	PEPSICO	44	271,000
14	WELLS FARGO	30	264,500
15	AT&T	12	243,620
16	J.P. MORGAN CHASE & CO.	21	241,359
17	CITIGROUP	28	241,000
18	BANK OF AMERICA CORP.	23	223,715
19	LOWE'S	50	220,500
20	ARAMARK	207	216,000
20	GENERAL MOTORS	6	216,000
	THE 500 MEDIAN		25,000

BEST INVESTMENTS

TOTAL RETURN TO SHAREHOLDERS

1 YEAR

Rank		500 revenues rank	2014 %
1	SOUTHWEST AIRLINES	161	126.4
2	PANTRY	402	120.9
3	AMERICAN AIRLINES GROUP	70	113.4
4	ALLERGAN	380	91.6
5	JETBLUE AIRWAYS	454	85.7
6	HEALTH NET	216	80.4
7	DELTA AIR LINES	73	80.4
8	UNITED CONTINENTAL HOLDINGS	79	76.8
9	CENTENE	186	76.2
10	MURPHY USA	202	65.7
11	CORE-MARK HOLDING	352	64.7
12	KROGER	20	64.7
13	ALASKA AIR GROUP	484	64.6
14	AVIS BUDGET GROUP	336	64.1
15	OFFICE DEPOT	194	62.1
16	MICRON TECHNOLOGY	190	61.0
17	HANESBRANDS	490	61.0
18	MARRIOTT INTERNATIONAL	221	59.9
19	BARNES & NOBLE	423	55.3
20	BOOZ ALLEN HAMILTON	475	54.5
	THE 500 MEDIAN		15.2

5 YEARS

Rank		500 revenues rank	2009–14 annual rate %
1	LITHIA MOTORS	482	62.2
2	UNITED RENTALS	461	59.7
3	WESTERN REFINING	204	57.6
4	DILLARD'S	400	48.9
5	ALASKA AIR GROUP	484	47.7
6	L BRANDS	262	46.7
7	ASBURY AUTOMOTIVE GROUP	450	45.8
8	BIOGEN	298	44.7
9	NETFLIX	474	44.0
10	TRACTOR SUPPLY	460	44.0
11	FOOT LOCKER	384	42.1
12	TESORO	77	41.7
13	PRICELINE GROUP	339	39.2
14	UNITED CONTINENTAL HOLDINGS	79	39.0
15	AVIS BUDGET GROUP	336	38.3
16	O'REILLY AUTOMOTIVE	381	38.3
17	RITE AID	117	37.9
18	CENTENE	186	37.4
19	ENERGY TRANSFER EQUITY	53	37.1
20	HANESBRANDS	490	36.5
	THE 500 MEDIAN		17.5

10 YEARS

Rank		500 revenues rank	2004–14 annual rate %
1	PRICELINE GROUP	339	47.4
2	NETFLIX	474	39.4
3	APPLE	5	38.2
4	CELGENE	369	32.7
5	SALESFORCE.COM	483	30.2
6	LKQ	403	27.3
7	GILEAD SCIENCES	118	26.8
8	WESTERN DIGITAL	205	26.7
9	ROCK-TENN	293	25.1
10	EXPRESS SCRIPTS HOLDING	22	24.4
11	TRACTOR SUPPLY	460	24.3
12	O'REILLY AUTOMOTIVE	381	23.9
13	UNION PACIFIC	123	23.8
14	CUMMINS	154	23.1
15	HOLLYFRONTIER	150	22.7
16	PRECISION CASTPARTS	302	22.2
17	DOLLAR TREE	330	22.1
18	ALASKA AIR GROUP	484	21.9
19	ROSS STORES	269	21.9
20	MCKESSON	11	21.7
	THE 500 MEDIAN		9.7


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Ranked Within Industries

Internet names like **AMAZON.COM**, **GOOGLE**, and **FACEBOOK** made big gains. The number of petroleum companies rose from 11 to 13.

INDUSTRY NO. RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	PROFITS AS % OF... Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	**ADVERTISING, MARKETING** 2 COMPANIES								
1	OMNICOM GROUP	200	15,318	1,104	1	7	1	39	1
2	INTERPUBLIC GROUP	372	7,537	477	2	6	2	23	2
	TOTAL		22,855	1,581					
2	**AEROSPACE AND DEFENSE** 11 COMPANIES								
1	BOEING	27	90,762	5,446	2	6	7	63	2
2	UNITED TECHNOLOGIES	45	65,100	6,220	1	10	3	20	8
3	LOCKHEED MARTIN	64	45,600	3,614	3	8	6	106	1
4	GENERAL DYNAMICS	100	30,852	2,533	4	8	5	21	7
5	NORTHROP GRUMMAN	124	23,979	2,069	6	9	4	29	3
6	RAYTHEON	129	22,826	2,244	5	10	2	24	5
7	TEXTRON	219	13,878	600	9	4	11	14	10
8	L-3 COMMUNICATIONS	252	12,124	664	8	5	8	13	11
9	PRECISION CASTPARTS	302	9,640	1,777	7	18	1	16	9
10	HUNTINGTON INGALLS INDUSTRIES	390	6,957	338	11	5	10	25	4
11	SPIRIT AEROSYSTEMS HOLDINGS	396	6,799	359	10	5	9	22	6
	TOTAL		328,517	25,864					
	MEDIAN		22,826	2,069		8		22	
3	**AIRLINES** 6 COMPANIES								
1	AMERICAN AIRLINES GROUP	70	42,650	2,882	1	7	3	143	1
2	DELTA AIR LINES	73	40,362	659	4	2	6	7	6
3	UNITED CONTINENTAL HOLDINGS	79	38,901	1,132	3	3	5	47	2
4	SOUTHWEST AIRLINES	161	18,605	1,136	2	6	4	17	4
5	JETBLUE AIRWAYS	454	5,817	401	6	7	2	16	5
6	ALASKA AIR GROUP	484	5,368	605	5	11	1	28	3
	TOTAL		151,703	6,815					
	MEDIAN		28,753	896		6		23	
4	**APPAREL** 5 COMPANIES								
1	NIKE	106	27,799	2,693	1	10	2	25	2
2	VF	248	12,282	1,048	2	9	3	19	4
3	PVH	351	8,241	439	4	5	5	10	5
4	RALPH LAUREN	374	7,450	776	3	10	1	19	3
5	HANESBRANDS	490	5,325	405	5	8	4	29	1
	TOTAL		61,097	5,360					
	MEDIAN		8,241	776		9		19	

ILLUSTRATION BY COEN POHL

5 AUTOMOTIVE RETAILING, SERVICES 8 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	AUTONATION	156	19,109	419	2	2	4	20	4
2	PENSKE AUTOMOTIVE GROUP	177	17,439	287	3	2	6	17	5
3	CARMAX	232	13,122	493	1	4	1	15	6
4	GROUP 1 AUTOMOTIVE	291	9,938	93	8	1	8	10	8
5	SONIC AUTOMOTIVE	315	9,197	97	7	1	7	15	7
6	AVIS BUDGET GROUP	336	8,485	245	4	3	2	37	1
7	ASBURY AUTOMOTIVE GROUP	450	5,868	112	6	2	5	25	2
8	LITHIA MOTORS	482	5,403	139	5	3	3	21	3
	TOTAL		88,561	1,884					
	MEDIAN		9,567	192		2		19	

6 BEVERAGES 3 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	COCA-COLA	63	45,998	7,098	1	15	1	23	3
2	COCA-COLA ENTERPRISES	368	7,680	663	3	9	3	46	1
3	DR PEPPER SNAPPLE GROUP	437	6,121	703	2	11	2	31	2
	TOTAL		59,799	8,464					

7 CHEMICALS 14 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	DOW CHEMICAL	48	58,167	3,772	1	6	11	17	10
2	DUPONT	87	36,046	3,625	2	10	5	27	5
3	MONSANTO	197	15,855	2,740	3	17	1	35	3
4	PPG INDUSTRIES	198	15,607	2,102	4	13	3	41	2
5	ECOLAB	213	14,281	1,203	6	8	8	16	11
6	PRAXAIR	249	12,273	1,694	5	14	2	30	4
7	HUNTSMAN	259	11,578	323	12	3	14	18	9
8	SHERWIN-WILLIAMS	266	11,130	866	9	8	10	87	1
9	AIR PRODUCTS & CHEMICALS	284	10,448	992	8	9	6	13	12
10	EASTMAN CHEMICAL	305	9,527	751	10	8	9	21	8
11	MOSAIC	320	9,056	1,029	7	11	4	10	13
12	ASHLAND	371	7,621	233	14	3	13	7	14
13	CELANESE	395	6,802	624	11	9	7	22	7
14	AVERY DENNISON	427	6,330	249	13	4	12	23	6
	TOTAL		224,720	20,202					
	MEDIAN		11,354	1,010		9		22	

8 COMMERCIAL BANKS 18 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	J.P. MORGAN CHASE & CO.	21	102,102	21,762	2	21	7	9	10
2	BANK OF AMERICA CORP.	23	95,181	4,833	7	5	18	2	18
3	CITIGROUP	28	90,646	7,313	4	8	17	3	17
4	WELLS FARGO	30	88,372	23,057	1	26	2	13	4
5	GOLDMAN SACHS GROUP	76	40,085	8,477	3	21	9	10	5
6	MORGAN STANLEY	82	37,953	3,467	10	9	16	5	16
7	AMERICAN EXPRESS	88	35,999	5,885	5	16	13	28	1
8	CAPITAL ONE FINANCIAL	126	23,877	4,428	8	19	12	10	6
9	U.S. BANCORP	138	21,392	5,851	6	27	1	13	3
10	BANK OF N.Y. MELLON CORP.	189	16,386	2,567	11	16	14	7	14
11	PNC FINANCIAL SVCS. GROUP	192	16,281	4,184	9	26	3	9	9
12	STATE STREET CORP.	278	10,687	2,037	14	19	11	9	7
13	BB&T CORP.	292	9,926	2,151	13	22	6	9	11
14	ALLY FINANCIAL	295	9,790	1,150	18	12	15	7	13
15	DISCOVER FINANCIAL SERVICES	303	9,611	2,323	12	24	4	21	2
16	SUNTRUST BANKS	327	8,707	1,774	15	20	10	8	12
17	FIFTH THIRD BANCORP	416	6,503	1,481	16	23	5	9	8
18	REGIONS FINANCIAL	479	5,428	1,155	17	21	8	7	15
	TOTAL		628,926	103,895					
	MEDIAN		18,889	3,826		21		9	

9 COMPUTER PERIPHERALS 3 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	EMC	121	24,440	2,714	1	11	1	12	3
2	WESTERN DIGITAL	205	15,130	1,617	2	11	2	18	1
3	NETAPP	428	6,325	638	3	10	3	17	2
	TOTAL		45,895	4,969					

10 COMPUTER SOFTWARE 4 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	MICROSOFT	31	86,833	22,074	1	25	2	25	1
2	ORACLE	81	38,275	10,955	2	29	1	23	2
3	SYMANTEC	405	6,676	898	3	13	3	15	3
4	SALESFORCE.COM	483	5,374	(263)	4	(5)	4	(7)	4
	TOTAL		137,158	33,664					
	MEDIAN		22,476	5,927		19		19	

11 COMPUTERS, OFFICE EQUIPMENT 3 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	APPLE	5	182,795	39,510	1	22	1	35	1
2	HEWLETT-PACKARD	19	111,454	5,013	2	5	2	19	2
3	NCR	412	6,591	191	3	3	3	10	3
	TOTAL		300,840	44,714					

12 CONSTRUCTION AND FARM MACHINERY 5 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	CATERPILLAR	54	55,184	3,695	1	7	3	22	2
2	DEERE	86	36,067	3,162	2	9	1	35	1
3	CUMMINS	154	19,221	1,651	3	9	2	21	3
4	AGCO	296	9,724	410	4	4	5	12	5
5	TEREX	377	7,404	319	5	4	4	16	4
	TOTAL		127,599	9,237					
	MEDIAN		19,221	1,651		7		21	

13 DIVERSIFIED FINANCIALS 8 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	GENERAL ELECTRIC	8	148,321	15,233	1	10	7	12	7
2	FANNIE MAE	17	116,461	14,208	2	12	4	386	1
3	FREDDIE MAC	42	69,367	7,690	3	11	6	290	2
4	INTL FCSTONE	93	34,063	19	8	0	8	6	8
5	MARSH & MCLENNAN	235	12,951	1,465	6	11	5	21	5
6	AMERIPRISE FINANCIAL	247	12,296	1,619	4	13	3	20	6
7	BLACKSTONE GROUP	373	7,485	1,585	5	21	1	22	4
8	NAVIENT	463	5,637	1,149	7	20	2	27	3
	TOTAL		406,581	42,968					
	MEDIAN		23,507	1,602		12		22	

14 DIVERSIFIED OUTSOURCING SERVICES 2 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of... Revenues %	Rank	Stockholders' equity %	Rank
1	ARAMARK	207	14,833	149	2	1	2	9	2
2	AUTOMATIC DATA PROCESSING	251	12,220	1,516	1	12	1	23	1
	TOTAL		27,052	1,665					

REDUCING GREENHOUSE GAS EMISSIONS ONE BUILDING AT A TIME

IN THE U.S. SINCE 2007, THE FIRM HAS:

- **DELIVERED** $2.5 BILLION IN CUMULATIVE ENERGY SAVINGS FOR CLIENTS
- **REDUCED** CLIENTS' GREENHOUSE GAS EMISSIONS BY 12 MILLION METRIC TONS
- **SAVED** 20.6 BILLION KWH
- **PROVIDED** 20,000 FACILITIES WITH SPECIALIZED ENERGY SERVICES
- **MANAGED** 300+ LEED PROJECTS TOTALING 75 MILLION SQUARE FEET
- **DEVELOPED** A TEAM OF OVER 1,400 LEED-ACCREDITED PROFESSIONALS (MORE THAN ANY ORGANIZATION IN THE WORLD)

What's 40% of 3 billion? **JLL (Jones Lang LaSalle)** has done the math. The real estate–focused professional services and investment management company concentrates on the fact that buildings contribute to about 40% of the world's greenhouse gas emissions. And that 3 billion figure? That's a conservative estimate of the square feet of property the firm manages for its global clients.

F**OR JLL THIS CALCULATION** defined a core value. "We realize we're in a unique position," says JLL president and CEO Colin Dyer, who adds that the company's consulting services include energy assessments, sustainability management, and energy retrofits. "If we can help clients improve the environmental performance of their real estate and reduce their greenhouse gas footprint, we can really have a big impact. What's more, we can save them money at the same time. What a great combination."

Dan Probst, JLL's chairman of energy and sustainability services, says the company has been pursuing a widespread sustainability objective since 2007. "The goal has always been to have a broad-based, full-service capability to help our clients reduce their footprint or to obtain a certain percentage of their power from renewable sources," he explains. "In the eight years we've been measuring this, we've delivered $2.5 billion in cumulative energy savings for our U.S. clients—and some 12 million metric tons in greenhouse gas reduction."

One key to driving success, says Dyer, is through measurement and transparency. That was the impetus behind JLL's leadership in helping to create the Greenprint Foundation, a global organization of industry players that seeks to take measurable action toward reducing the industry's carbon footprint—and to show how that correlates to increased property values.

JLL's own internal program, A Cleaner Tomorrow (ACT), has made sustainability an inherent part of the culture of this global company of 58,000 employees. Other initiatives include reducing the company's own energy consumption in the office spaces it occupies.

JLL's efforts have won the firm widespread recognition, including being named an Energy Star Partner of the Year by the U.S. Environmental Protection Agency for six consecutive years. "We want to drive environmental considerations into virtually every real estate decision our clients make," says Dyer. "That's how we define impact."

JLL®

15 ELECTRONICS, ELECTRICAL EQUIPMENT 6 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	HONEYWELL INTERNATIONAL	74	40,306	4,239	1	11	2	24	2
2	EMERSON ELECTRIC	120	24,537	2,147	2	9	3	21	3
3	WHIRLPOOL	148	19,872	650	4	3	5	13	4
4	ROCKWELL AUTOMATION	409	6,624	827	3	12	1	31	1
5	GENERAL CABLE	443	5,980	(628)	6	(11)	6	(139)	6
6	HARMAN INTL. INDUSTRIES	486	5,348	235	5	4	4	13	5
	TOTAL		102,667	7,470					
	MEDIAN		13,248	738		7		17	

16 ENERGY 5 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	NRG ENERGY	196	15,868	134	4	1	4	1	4
2	UGI	349	8,277	337	3	4	3	13	3
3	CALPINE	353	8,030	946	2	12	2	28	1
4	WILLIAMS	370	7,637	2,114	1	28	1	24	2
5	ENERGY FUTURE HOLDINGS	446	5,978	(6,406)	5	(107)	5	—	
	TOTAL		45,790	(2,875)					
	MEDIAN		8,030	337		4		18	

17 ENGINEERING, CONSTRUCTION 8 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	FLUOR	136	21,532	511	1	2	6	16	1
2	JACOBS ENGINEERING GROUP	239	12,695	328	3	3	5	7	5
3	PETER KIEWIT SONS'	286	10,380	350	2	3	2	9	4
4	AECOM	343	8,357	230	5	3	3	11	3
5	QUANTA SERVICES	361	7,851	297	4	4	1	7	6
6	EMCOR GROUP	421	6,444	169	6	3	4	12	2
7	KBR	424	6,366	(1,262)	8	(20)	8	(134)	8
8	CH2M HILL	480	5,413	(182)	7	(3)	7	(85)	7
	TOTAL		79,038	441					
	MEDIAN		8,104	263		3		8	

18 ENTERTAINMENT 8 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	WALT DISNEY	57	48,813	7,501	1	15	4	17	5
2	TWENTY-FIRST CENTURY FOX	97	31,867	4,514	2	14	5	26	3
3	TIME WARNER	104	28,774	3,827	3	13	6	16	6
4	CBS	212	14,483	2,959	4	20	1	42	2
5	VIACOM	222	13,783	2,391	5	17	3	64	1
6	LIVE NATION ENTERTAINMENT	392	6,867	(91)	7	(1)	7	(7)	7
7	IHEARTMEDIA	429	6,319	(794)	8	(13)	8	—	
8	DISCOVERY COMMUNICATIONS	430	6,265	1,139	6	18	2	20	4
	TOTAL		157,170	21,446					
	MEDIAN		14,133	2,675		15		20	

19 FINANCIAL DATA SERVICES 7 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	VISA	238	12,702	5,438	1	43	1	20	4
2	FIRST DATA	265	11,152	(458)	7	(4)	7	—	
3	MASTERCARD	308	9,473	3,617	2	38	2	53	2
4	FIDELITY NATL. INFO. SVCS.	422	6,417	679	4	11	4	10	5
5	WESTERN UNION	468	5,607	852	3	15	3	66	1
6	ALLIANCE DATA SYSTEMS	494	5,303	506	5	10	5	21	3
7	MCGRAW HILL FINANCIAL	500	5,190	(115)	6	(2)	6	(24)	6
	TOTAL		55,844	10,520					
	MEDIAN		6,417	679		11		20	

20 FOOD AND DRUG STORES 8 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	CVS HEALTH	10	139,367	4,644	1	3	3	12	4
2	KROGER	20	108,465	1,728	4	2	5	32	1
3	WALGREENS BOOTS ALLIANCE	35	76,392	1,932	2	3	4	9	5
4	SAFEWAY	84	36,643	113	8	0	8	2	6
5	PUBLIX	101	30,802	1,735	3	6	1	15	2
6	RITE AID	117	25,526	249	6	1	7	—	
7	SUPERVALU	164	18,390	182	7	1	6	—	
8	WHOLE FOODS MARKET	214	14,194	579	5	4	2	15	3
	TOTAL		449,780	11,163					
	MEDIAN		33,723	1,154		2		14	

21 FOOD CONSUMER PRODUCTS 13 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	PEPSICO	44	66,683	6,513	1	10	4	37	3
2	MONDELEZ INTERNATIONAL	91	34,244	2,184	2	6	7	8	10
3	KRAFT FOODS GROUP	165	18,205	1,043	4	6	9	24	5
4	GENERAL MILLS	171	17,910	1,824	3	10	2	28	4
5	CONAGRA FOODS	173	17,773	303	11	2	12	6	11
6	LAND O'LAKES	203	15,199	267	12	2	11	19	7
7	KELLOGG	210	14,580	632	8	4	10	23	6
8	H.J. HEINZ	272	10,922	657	7	6	8	4	12
9	DEAN FOODS	306	9,503	(20)	13	(0)	13	(3)	13
10	HORMEL FOODS	310	9,316	603	9	6	6	17	8
11	CAMPBELL SOUP	342	8,405	818	6	10	5	51	2
12	HERSHEY	376	7,422	847	5	11	1	58	1
13	J.M. SMUCKER	467	5,611	565	10	10	3	11	9
	TOTAL		235,772	16,236					
	MEDIAN		14,580	657		6		19	

22 FOOD PRODUCTION 6 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	ARCHER DANIELS MIDLAND	34	81,201	2,248	1	3	3	11	4
2	CHS	69	42,664	1,081	2	3	4	17	1
3	TYSON FOODS	83	37,580	864	3	2	5	10	5
4	LEUCADIA NATIONAL	244	12,407	208	6	2	6	2	6
5	SEABOARD	417	6,473	365	4	6	2	13	3
6	INGREDION	462	5,668	355	5	6	1	16	2
	TOTAL		185,994	5,122					
	MEDIAN		24,994	615		3		12	

23 FOOD SERVICES 4 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	MCDONALD'S	110	27,441	4,758	1	17	1	37	3
2	STARBUCKS	187	16,448	2,068	2	13	2	39	2
3	YUM BRANDS	228	13,279	1,051	3	8	3	68	1
4	DARDEN RESTAURANTS	325	8,758	286	4	3	4	13	4
	TOTAL		65,926	8,163					
	MEDIAN		14,863	1,560		10		38	

24 FOREST AND PAPER PRODUCTS 2 COMPANIES

Industry no. Rank	Company	500 rank	Revenues $mil.	Profits $mil.	Profits Rank	Profits as % of Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
1	WEYERHAEUSER	355	7,976	1,826	1	23	1	34	1
2	DOMTAR	470	5,563	431	2	8	2	15	2
	TOTAL		13,539	2,257					

INDUSTRY NO. RANK		500 rank	REVENUES $mil.	PROFITS $mil.	Rank	PROFITS AS % OF... Revenues %	Rank	Stockholders' equity %	Rank
25	**GENERAL MERCHANDISERS** 10 COMPANIES								
1	WAL-MART STORES	1	485,651	16,363	1	3	6	20	3
2	TARGET	36	74,520	(1,636)	9	(2)	8	(12)	8
3	SEARS HOLDINGS	99	31,198	(1,682)	10	(5)	9	—	
4	MACY'S	105	28,105	1,526	2	5	2	28	2
5	KOHL'S	157	19,023	867	4	5	5	14	7
6	DOLLAR GENERAL	159	18,910	1,065	3	6	1	19	4
7	NORDSTROM	224	13,506	720	5	5	3	30	1
8	J.C. PENNEY	250	12,257	(771)	8	(6)	10	(40)	9
9	FAMILY DOLLAR STORES	281	10,489	285	7	3	7	17	5
10	DILLARD'S	400	6,780	332	6	5	4	16	6
	TOTAL		700,439	17,069					
	MEDIAN		18,966	526		4		17	
26	**HEALTH CARE: INSURANCE AND MANAGED CARE** 9 COMPANIES								
1	UNITEDHEALTH GROUP	14	130,474	5,619	1	4	2	17	2
2	ANTHEM	38	73,874	2,570	2	3	4	11	6
3	AETNA	49	58,003	2,041	4	4	3	14	4
4	HUMANA	58	48,500	1,147	5	2	5	12	5
5	CIGNA	90	34,914	2,102	3	6	1	20	1
6	CENTENE	186	16,588	271	6	2	6	16	3
7	HEALTH NET	216	14,009	146	7	1	7	9	7
8	WELLCARE HEALTH PLANS	234	12,960	64	8	0	9	4	9
9	MOLINA HEALTHCARE	301	9,667	62	9	1	8	6	8
	TOTAL		398,988	14,021					
	MEDIAN		34,914	1,147		2		12	
27	**HEALTH CARE: MEDICAL FACILITIES** 7 COMPANIES								
1	HCA HOLDINGS	75	40,087	1,875	1	5	3	—	
2	COMMUNITY HEALTH SYSTEMS	135	21,987	92	5	0	5	2	4
3	TENET HEALTHCARE	170	17,924	12	6	0	6	2	5
4	DAVITA HEALTHCARE PARTNERS	231	13,162	723	2	5	2	14	2
5	UNIVERSAL HEALTH SERVICES	324	8,764	545	3	6	1	15	1
6	KINDRED HEALTHCARE	491	5,325	(80)	7	(2)	7	(6)	6
7	LIFEPOINT HOSPITALS	495	5,301	126	4	2	4	6	3
	TOTAL		112,550	3,294					
	MEDIAN		13,162	126		2		4	
28	**HEALTH CARE: PHARMACY AND OTHER SERVICES** 5 COMPANIES								
1	EXPRESS SCRIPTS HOLDING	22	100,887	2,008	1	2	5	10	3
2	QUEST DIAGNOSTICS	375	7,435	556	2	7	2	13	2
3	OMNICARE	414	6,551	145	5	2	4	6	4
4	LAB. CORP. OF AMERICA	440	6,012	511	3	9	1	18	1
5	QUINTILES TRANSNATIONAL	476	5,460	356	4	7	3	—	
	TOTAL		126,345	3,576					
	MEDIAN		6,551	511		7		11	
29	**HOME EQUIPMENT, FURNISHINGS** 4 COMPANIES								
1	STANLEY BLACK & DECKER	261	11,457	761	2	7	2	12	3
2	MASCO	334	8,521	856	1	10	1	93	1
3	JARDEN	348	8,287	243	4	3	4	9	4
4	NEWELL RUBBERMAID	455	5,810	378	3	7	3	20	2
	TOTAL		34,076	2,237					
	MEDIAN		8,404	569		7		16	

INDUSTRY NO. RANK		500 rank	REVENUES $mil.	PROFITS $mil.	Rank	PROFITS AS % OF... Revenues %	Rank	Stockholders' equity %	Rank
30	**HOMEBUILDERS** 3 COMPANIES								
1	D.R. HORTON	354	8,025	534	2	7	3	10	2
2	LENNAR	364	7,780	639	1	8	1	13	1
3	PULTEGROUP	453	5,822	474	3	8	2	10	3
	TOTAL		21,627	1,647					
31	**HOTELS, CASINOS, RESORTS** 8 COMPANIES								
1	LAS VEGAS SANDS	209	14,584	2,841	1	19	1	39	3
2	MARRIOTT INTERNATIONAL	221	13,796	753	2	5	6	—	
3	HILTON WORLDWIDE HOLDINGS	280	10,502	673	4	6	5	14	4
4	MGM RESORTS INTERNATIONAL	289	10,082	(150)	7	(1)	7	(4)	5
5	CAESARS ENTERTAINMENT	328	8,679	(2,783)	8	(32)	8	—	
6	STARWOOD HOTELS & RESORTS	442	5,983	633	5	11	3	42	2
7	WYNN RESORTS	477	5,434	732	3	13	2	—	
8	WYNDHAM WORLDWIDE	497	5,281	529	6	10	4	42	1
	TOTAL		74,340	3,227					
	MEDIAN		9,380	653		8		39	
32	**HOUSEHOLD AND PERSONAL PRODUCTS** 7 COMPANIES								
1	PROCTER & GAMBLE	32	84,537	11,643	1	14	1	17	5
2	KIMBERLY-CLARK	140	21,044	1,526	3	7	5	209	2
3	COLGATE-PALMOLIVE	179	17,277	2,180	2	13	2	190	3
4	ESTÉE LAUDER	271	10,969	1,204	4	11	3	31	4
5	AVON PRODUCTS	322	8,851	(389)	7	(4)	7	(134)	7
6	HRG GROUP	447	5,963	(10)	6	(0)	6	(6)	6
7	CLOROX	469	5,591	558	5	10	4	362	1
	TOTAL		154,232	16,712					
	MEDIAN		10,969	1,204		10		31	
33	**INDUSTRIAL MACHINERY** 3 COMPANIES								
1	ILLINOIS TOOL WORKS	201	15,282	2,946	1	19	1	43	1
2	PARKER-HANNIFIN	230	13,216	1,041	2	8	3	16	3
3	DOVER	346	8,322	775	3	9	2	21	2
	TOTAL		36,820	4,762					
34	**INFORMATION TECHNOLOGY SERVICES** 6 COMPANIES								
1	INTL. BUSINESS MACHINES	24	94,128	12,022	1	13	2	101	2
2	XEROX	143	20,905	969	3	5	4	9	6
3	COMPUTER SCIENCES	229	13,233	674	4	5	3	17	5
4	CDW	253	12,075	245	5	2	6	26	3
5	COGNIZANT TECHNOLOGY	288	10,263	1,439	2	14	1	19	4
6	BOOZ ALLEN HAMILTON	475	5,479	232	6	4	5	135	1
	TOTAL		156,082	15,581					
	MEDIAN		12,654	822		5		22	
35	**INSURANCE: LIFE, HEALTH (MUTUAL)** 7 COMPANIES								
1	NEW YORK LIFE	80	38,680	1,602	1	4	3	9	4
2	TIAA-CREF*	92	34,230	967	3	3	6	3	7
3	MASSACHUSETTS MUTUAL LIFE	94	33,572	1,327	2	4	4	9	3
4	NORTHWESTERN MUTUAL	109	27,465	679	6	2	7	4	6
5	GUARDIAN LIFE OF AMERICA	254	11,909	445	7	4	5	8	5
6	THRIVENT FINANCIAL*	333	8,521	753	5	9	2	12	2
7	WESTERN & SOUTHERN	481	5,404	790	4	15	1	18	1
	TOTAL		159,783	6,563					
	MEDIAN		27,465	790		4		9	

*See note 34, page F–24.

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36 INSURANCE: LIFE, HEALTH (STOCK) 11 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	METLIFE	39	73,316	6,309	1	9	5	9	6
2	PRUDENTIAL FINANCIAL	55	54,123	1,381	5	3	10	3	10
3	AFLAC	132	22,728	2,951	2	13	2	16	1
4	LINCOLN NATIONAL	223	13,554	1,515	4	11	3	10	5
5	VOYA FINANCIAL	268	11,071	2,300	3	21	1	14	2
6	REINSURANCE GROUP	273	10,904	684	7	6	7	10	4
7	UNUM GROUP	279	10,510	413	9	4	9	5	9
8	PRINCIPAL FINANCIAL	282	10,478	1,144	6	11	4	11	3
9	GENWORTH FINANCIAL	304	9,565	(1,244)	11	(13)	11	(8)	11
10	PACIFIC LIFE	387	7,073	540	8	8	6	5	8
11	MUTUAL OF OMAHA*	391	6,878	292	10	4	8	6	7
	TOTAL		230,199	16,285					
	MEDIAN		10,904	1,144		8		9	

*See note 16, page F-24.

37 INSURANCE: PROPERTY AND CASUALTY (MUTUAL) 4 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	STATE FARM INSURANCE COS.	41	71,160	4,191	1	6	2	5	2
2	NATIONWIDE	85	36,257	432	3	1	3	3	3
3	FARMERS INSURANCE EXCHANGE	264	11,318	2	4	0	4	0	4
4	AUTO-OWNERS INSURANCE	425	6,337	563	2	9	1	7	1
	TOTAL		125,071	5,189					
	MEDIAN		23,787	498		4		4	

38 INSURANCE: PROPERTY AND CASUALTY (STOCK) 18 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	BERKSHIRE HATHAWAY	4	194,673	19,872	1	10	6	8	13
2	AMERICAN INTERNATIONAL GROUP	46	64,406	7,529	2	12	5	7	15
3	LIBERTY MUTUAL INS. GROUP*	78	39,796	1,833	7	5	14	9	12
4	ALLSTATE	89	35,239	2,850	5	8	8	13	6
5	TRAVELERS COS.	112	27,162	3,692	3	14	3	15	2
6	UNITED SVCS. AUTO. ASSN.*	122	24,033	3,410	4	14	2	13	5
7	PROGRESSIVE	153	19,391	1,281	8	7	11	18	1
8	HARTFORD FINANCIAL SERVICES	160	18,847	798	9	4	16	4	16
9	LOEWS	211	14,572	591	12	4	17	3	17
10	CHUBB	215	14,098	2,100	6	15	1	13	4
11	ASSURANT	285	10,382	471	15	5	15	9	11
12	FIDELITY NATIONAL FINANCIAL	314	9,199	583	13	6	13	10	8
13	AMERICAN FAMILY INS. GROUP*	358	7,933	515	14	6	12	7	14
14	W.R. BERKLEY	385	7,129	649	11	9	7	14	3
15	ERIE INSURANCE GROUP**	436	6,124	168	18	3	18	2	18
16	AMERICAN FINANCIAL GROUP	459	5,713	452	16	8	9	9	9
17	OLD REPUBLIC INTL.	472	5,531	410	17	7	10	10	7
18	ALLEGHANY	499	5,232	679	10	13	4	9	10
	TOTAL		509,459	47,883					
	MEDIAN		14,335	739		8		9	

*See note 16, page F-24. **See note 49, page F-24.

39 INTERNET SERVICES AND RETAILING 7 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	AMAZON.COM	29	88,988	(241)	7	(0)	7	(2)	7
2	GOOGLE	40	71,487	14,444	1	20	3	14	3
3	EBAY	172	17,902	46	6	0	6	0	6
4	FACEBOOK	242	12,466	2,940	2	24	2	8	5
5	LIBERTY INTERACTIVE	263	11,382	537	4	5	5	9	4
6	PRICELINE GROUP	339	8,442	2,422	3	29	1	28	1
7	EXPEDIA	458	5,763	398	5	7	4	22	2
	TOTAL		216,430	20,546					
	MEDIAN		12,466	537		7		9	

40 MAIL, PACKAGE, AND FREIGHT DELIVERY 2 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	UNITED PARCEL SERVICE	47	58,232	3,032	1	5	1	142	1
2	FEDEX	65	45,567	2,097	2	5	2	14	2
	TOTAL		103,799	5,129					

41 MEDICAL PRODUCTS AND EQUIPMENT 6 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	ABBOTT LABORATORIES	134	22,323	2,284	2	10	4	11	4
2	BAXTER INTERNATIONAL	185	16,972	2,497	1	15	2	31	1
3	STRYKER	300	9,675	515	5	5	5	6	5
4	BECTON DICKINSON	338	8,446	1,185	3	14	3	23	3
5	BOSTON SCIENTIFIC	378	7,380	(119)	6	(2)	6	(2)	6
6	ST. JUDE MEDICAL	466	5,622	1,002	4	18	1	24	2
	TOTAL		70,418	7,364					
	MEDIAN		9,061	1,094		12		17	

42 METALS 7 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	ALCOA	125	23,906	268	3	1	5	2	6
2	NUCOR	139	21,105	714	1	3	2	9	1
3	UNITED STATES STEEL	176	17,507	102	6	1	6	3	5
4	RELIANCE STEEL & ALUMINUM	283	10,452	372	2	4	1	9	2
5	STEEL DYNAMICS	326	8,756	157	4	2	3	5	4
6	COMMERCIAL METALS	388	7,057	116	5	2	4	9	3
7	AK STEEL HOLDING	415	6,506	(97)	7	(1)	7	—	
	TOTAL		95,289	1,631					
	MEDIAN		10,452	157		2		7	

43 MINING, CRUDE-OIL PRODUCTION 13 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	CONOCOPHILLIPS	51	55,997	6,869	1	12	4	13	3
2	OCCIDENTAL PETROLEUM	115	25,898	616	8	2	9	2	9
3	FREEPORT-MCMORAN	137	21,438	(1,308)	11	(6)	10	(7)	10
4	CHESAPEAKE ENERGY	142	20,951	1,917	4	9	6	11	4
5	DEVON ENERGY	152	19,566	1,607	5	8	7	7	7
6	ANADARKO PETROLEUM	162	18,470	(1,750)	12	(9)	11	(9)	11
7	EOG RESOURCES	167	18,035	2,915	3	16	3	16	1
8	APACHE	218	13,938	(5,403)	13	(39)	13	(21)	12
9	MARATHON OIL	227	13,297	3,046	2	23	1	14	2
10	MURPHY OIL	350	8,262	906	7	11	5	11	6
11	NEWMONT MINING	379	7,292	508	9	7	8	5	8
12	PEABODY ENERGY	398	6,792	(787)	10	(12)	12	(29)	13
13	PIONEER NATURAL RESOURCES	496	5,293	930	6	18	2	11	5
	TOTAL		235,230	10,066					
	MEDIAN		18,035	906		8		7	

44 MOTOR VEHICLES AND PARTS 14 COMPANIES

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of Revenues %	Rank	Stockholders' equity %	Rank
1	GENERAL MOTORS	6	155,929	3,949	1	3	10	11	10
2	FORD MOTOR	9	144,077	3,187	2	2	11	13	9
3	JOHNSON CONTROLS	66	43,855	1,215	5	3	8	11	11
4	PACCAR	158	18,997	1,359	4	7	3	20	5
5	GOODYEAR TIRE	166	18,138	2,452	3	14	1	68	1
6	LEAR	174	17,727	672	6	4	7	23	4
7	TRW AUTOMOTIVE HOLDINGS	175	17,539	293	11	2	12	8	12
8	NAVISTAR INTERNATIONAL	276	10,806	(619)	14	(6)	14	—	
9	AUTOLIV	312	9,241	468	8	5	4	14	8
10	TENNECO	341	8,420	226	12	3	9	45	2

INDUSTRY NO. RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	PROFITS AS % OF... Revenues %	Rank	Stockholders' equity %	Rank
11	VISTEON	344	8,343	(295)	13	(4)	13	(34)	13
12	BORGWARNER	347	8,305	656	7	8	2	18	6
13	OSHKOSH	394	6,808	309	10	5	6	16	7
14	DANA HOLDING	410	6,617	319	9	5	5	30	3
	TOTAL		474,802	14,191					
	MEDIAN		14,173	562		3		16	

45 NETWORK AND OTHER COMMUNICATIONS EQUIPMENT 6 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	CISCO SYSTEMS	60	47,142	7,853	2	17	4	14	5
2	QUALCOMM	113	26,487	7,967	1	30	1	20	3
3	CORNING	297	9,715	2,472	3	25	2	11	6
4	MOTOROLA SOLUTIONS	363	7,785	1,299	4	17	3	48	1
5	AMPHENOL	487	5,346	709	5	13	5	24	2
6	ARRIS GROUP	492	5,323	327	6	6	6	19	4
	TOTAL		101,797	20,627					
	MEDIAN		8,750	1,886		17		20	

46 OIL AND GAS EQUIPMENT, SERVICES 6 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	HALLIBURTON	96	32,870	3,500	1	11	2	22	2
2	BAKER HUGHES	119	24,551	1,719	3	7	5	9	6
3	NATIONAL OILWELL VARCO	127	23,141	2,502	2	11	1	12	4
4	CAMERON INTERNATIONAL	275	10,809	811	4	8	4	18	3
5	FMC TECHNOLOGIES	357	7,943	700	5	9	3	28	1
6	MRC GLOBAL	448	5,933	144	6	2	6	10	5
	TOTAL		105,247	9,376					
	MEDIAN		16,975	1,265		8		15	

47 PACKAGING, CONTAINERS 8 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	INTERNATIONAL PAPER	114	26,221	555	1	2	7	11	6
2	ROCK-TENN	293	9,895	480	2	5	3	11	5
3	CROWN HOLDINGS	318	9,097	387	5	4	5	325	1
4	BALL	332	8,570	470	3	5	2	45	2
5	SEALED AIR	366	7,751	258	7	3	6	22	4
6	OWENS-ILLINOIS	399	6,784	75	8	1	8	6	8
7	PACKAGING CORP. OF AMERICA	451	5,853	393	4	7	1	26	3
8	MEADWESTVACO	464	5,631	263	6	5	4	8	7
	TOTAL		79,801	2,880					
	MEDIAN		8,160	390		4		17	

48 PETROLEUM REFINING 13 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	EXXON MOBIL	2	382,597	32,520	1	9	3	19	6
2	CHEVRON	3	203,784	19,241	2	9	2	12	8
3	PHILLIPS 66	7	149,434	4,762	3	3	5	22	3
4	VALERO ENERGY	13	130,844	3,630	4	3	6	18	7
5	MARATHON PETROLEUM	25	91,417	2,524	5	3	7	23	2
6	TESORO	77	40,052	843	7	2	9	19	5
7	HESS	141	21,015	2,317	6	11	1	10	9
8	PBF ENERGY	149	19,828	(38)	11	(0)	11	(3)	11
9	HOLLYFRONTIER	150	19,764	281	9	1	10	5	10
10	ICAHN ENTERPRISES	155	19,157	(373)	13	(2)	13	(7)	12
11	WESTERN REFINING	204	15,154	560	8	4	4	50	1
12	DELEK US HOLDINGS	345	8,324	199	10	2	8	20	4
13	CALUMET SPECIALTY PRODUCTS	457	5,791	(112)	12	(2)	12	(14)	13
	TOTAL		1,107,161	66,353					
	MEDIAN		21,015	843		3		18	

49 PHARMACEUTICALS 11 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	JOHNSON & JOHNSON	37	74,331	16,323	1	22	6	23	6
2	PFIZER	56	49,605	9,135	4	18	8	13	11
3	MERCK	71	42,237	11,920	3	28	3	25	5
4	GILEAD SCIENCES	118	24,890	12,101	2	49	1	78	2
5	AMGEN	145	20,063	5,158	5	26	5	20	7
6	ABBVIE	146	19,960	1,774	10	9	11	102	1
7	ELI LILLY	151	19,616	2,391	7	12	10	16	9
8	BRISTOL-MYERS SQUIBB	195	15,879	2,004	8	13	9	13	10
9	BIOGEN	298	9,703	2,935	6	30	2	27	4
10	CELGENE	369	7,670	2,000	9	26	4	31	3
11	ALLERGAN	380	7,238	1,524	11	21	7	20	8
	TOTAL		291,192	67,264					
	MEDIAN		19,960	2,935		22		23	

50 PIPELINES 8 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	ENERGY TRANSFER EQUITY	53	55,691	633	4	1	7	95	1
2	ENTERPRISE PRODUCTS	59	47,951	2,787	1	6	3	15	4
3	PLAINS GP HOLDINGS	67	43,464	70	8	0	8	4	7
4	KINDER MORGAN	193	16,226	1,026	3	6	2	3	8
5	ONEOK	237	12,836	314	5	2	5	53	3
6	TARGA RESOURCES	329	8,617	102	7	1	6	60	2
7	BUCKEYE PARTNERS	406	6,646	273	6	4	4	7	6
8	SPECTRA ENERGY	449	5,903	1,082	2	18	1	13	5
	TOTAL		197,334	6,288					
	MEDIAN		14,531	474		3		14	

51 PUBLISHING, PRINTING 3 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	R.R. DONNELLEY & SONS	258	11,603	117	3	1	3	20	2
2	NEWS CORP.	331	8,574	239	2	3	2	2	3
3	GANNETT	441	6,008	1,062	1	18	1	33	1
	TOTAL		26,186	1,419					

52 RAILROADS 3 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	UNION PACIFIC	123	23,988	5,180	1	22	1	24	1
2	CSX	240	12,669	1,927	3	15	3	17	2
3	NORFOLK SOUTHERN	256	11,624	2,000	2	17	2	16	3
	TOTAL		48,281	9,107					

53 REAL ESTATE 4 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	CBRE GROUP	321	9,050	485	2	5	3	21	1
2	JONES LANG LASALLE	478	5,430	386	3	7	2	16	2
3	HOST HOTELS & RESORTS	485	5,354	732	1	14	1	10	3
4	REALOGY HOLDINGS	488	5,328	143	4	3	4	7	4
	TOTAL		25,162	1,746					
	MEDIAN		5,392	435		6		13	

54 SCIENTIFIC, PHOTOGRAPHIC, AND CONTROL EQUIPMENT 3 COMPANIES

RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	Revenues %	Rank	Stockholders' equity %	Rank
1	DANAHER	147	19,914	2,598	1	13	1	11	1
2	THERMO FISHER SCIENTIFIC	181	17,100	1,894	2	11	2	9	3
3	AGILENT TECHNOLOGIES	389	6,981	504	3	7	3	10	2
	TOTAL		43,994	4,997					

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
55	**SECURITIES** 5 COMPANIES								
1	BLACKROCK	267	11,081	3,294	1	30	1	12	3
2	FRANKLIN RESOURCES	335	8,491	2,384	2	28	2	21	2
3	KKR	356	7,972	478	5	6	5	9	5
4	JONES FINANCIAL	426	6,333	770	4	12	4	35	1
5	CHARLES SCHWAB	435	6,156	1,321	3	21	3	11	4
	TOTAL		40,033	8,247					
	MEDIAN		7,972	1,321		21		12	

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
56	**SEMICONDUCTORS AND OTHER ELECTRONIC COMPONENTS** 9 COMPANIES								
1	INTEL	52	55,870	11,704	1	21	2	21	3
2	MICRON TECHNOLOGY	190	16,358	3,045	2	19	3	28	1
3	JABIL CIRCUIT	191	16,349	241	7	1	8	11	7
4	TEXAS INSTRUMENTS	233	13,045	2,821	3	22	1	27	2
5	APPLIED MATERIALS	319	9,072	1,072	4	12	5	14	6
6	BROADCOM	340	8,428	652	6	8	6	7	8
7	SANDISK	408	6,628	1,007	5	15	4	15	5
8	SANMINA	432	6,215	197	8	3	7	16	4
9	ADVANCED MICRO DEVICES	473	5,506	(403)	9	(7)	9	(216)	9
	TOTAL		137,471	20,337					
	MEDIAN		9,072	1,007		12		15	

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
57	**SPECIALTY RETAILERS: APPAREL** 5 COMPANIES								
1	TJX	103	29,078	2,215	1	8	4	52	2
2	GAP	188	16,435	1,262	2	8	3	42	3
3	L BRANDS	262	11,454	1,042	3	9	1	5,789	1
4	ROSS STORES	269	11,042	925	4	8	2	41	4
5	FOOT LOCKER	384	7,151	520	5	7	5	21	5
	TOTAL		75,160	5,964					
	MEDIAN		11,454	1,042		8		42	

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
58	**SPECIALTY RETAILERS: OTHER** 23 COMPANIES								
1	COSTCO WHOLESALE	18	112,640	2,058	3	2	15	17	15
2	HOME DEPOT	33	83,176	6,345	1	8	4	68	1
3	LOWE'S	50	56,223	2,698	2	5	11	27	7
4	BEST BUY	72	41,903	1,233	4	3	13	25	9
5	STAPLES	133	22,492	135	17	1	19	3	19
6	OFFICE DEPOT	194	16,096	(354)	23	(2)	22	(22)	21
7	MURPHY USA	202	15,279	244	15	2	17	28	6
8	TOYS "R" US	245	12,361	(292)	22	(2)	23	—	
9	BED BATH & BEYOND	260	11,504	1,022	6	9	3	26	8
10	CST BRANDS	277	10,777	200	16	2	14	25	11
11	ADVANCE AUTO PARTS	294	9,844	494	9	5	9	25	10
12	AUTOZONE	307	9,475	1,070	5	11	1	—	
13	GAMESTOP	311	9,296	393	11	4	12	19	12
14	DOLLAR TREE	330	8,602	599	8	7	5	34	3
15	TRAVELCENTERS OF AMERICA	365	7,779	61	19	1	18	12	17
16	O'REILLY AUTOMOTIVE	381	7,216	778	7	11	2	39	2
17	CASEY'S GENERAL STORES	382	7,194	127	18	2	16	18	14
18	PETSMART	386	7,112	426	10	6	7	31	4
19	DICK'S SPORTING GOODS	393	6,814	344	13	5	8	19	13
20	PANTRY	402	6,765	13	20	0	20	4	18
21	BARNES & NOBLE	423	6,381	(47)	21	(1)	21	(7)	20
22	TRACTOR SUPPLY	460	5,712	371	12	6	6	29	5
23	NETFLIX	474	5,505	267	14	5	10	14	16
	TOTAL		480,148	18,184					
	MEDIAN		9,475	371		4		25	

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
59	**TELECOMMUNICATIONS** 11 COMPANIES								
1	AT&T	12	132,447	6,224	3	47	7	7	5
2	VERIZON COMMUNICATIONS	15	127,079	9,625	1	8	4	78	1
3	COMCAST	43	68,775	8,380	2	12	1	16	4
4	DIRECTV	95	33,260	2,756	4	8	3	—	
5	TIME WARNER CABLE	130	22,812	2,031	5	9	2	25	3
6	CENTURYLINK	168	18,031	772	7	4	9	5	6
7	DISH NETWORK	208	14,643	945	6	6	5	47	2
8	CHARTER COMMUNICATIONS	317	9,108	(183)	11	(2)	11	(125)	9
9	LEVEL 3 COMMUNICATIONS	401	6,777	314	8	5	8	5	7
10	CABLEVISION SYSTEMS	419	6,461	311	9	5	6	—	
11	WINDSTREAM HOLDINGS	452	5,830	(40)	10	(1)	10	(18)	8
	TOTAL		445,223	31,136					
	MEDIAN		18,031	945		5		7	

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
60	**TEMPORARY HELP** 2 COMPANIES								
1	MANPOWERGROUP	144	20,763	428	1	2	1	15	1
2	KELLY SERVICES	471	5,563	24	2	0	2	3	2
	TOTAL		26,326	451					

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
61	**TOBACCO** 3 COMPANIES								
1	PHILIP MORRIS INTERNATIONAL	102	29,767	7,493	1	25	2	—	
2	ALTRIA GROUP	169	17,945	5,070	2	28	1	168	1
3	REYNOLDS AMERICAN	337	8,471	1,470	3	17	3	33	2
	TOTAL		56,183	14,033					

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
62	**TRANSPORTATION AND LOGISTICS** 3 COMPANIES								
1	C.H. ROBINSON WORLDWIDE	225	13,470	450	1	3	2	43	1
2	EXPEDITORS INTL. OF WASH.	413	6,565	377	2	6	1	20	2
3	CON-WAY	456	5,806	137	3	2	3	11	3
	TOTAL		25,841	964					

Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
63	**TRANSPORTATION EQUIPMENT** 2 COMPANIES								
1	HARLEY-DAVIDSON	431	6,229	845	1	14	1	29	1
2	TRINITY INDUSTRIES	433	6,170	678	2	11	2	23	2
	TOTAL		12,399	1,523					

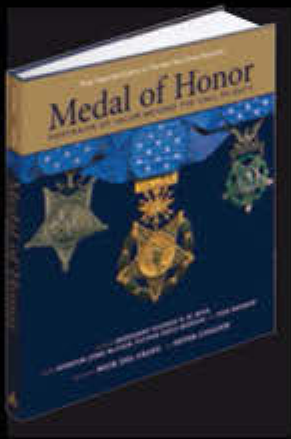
Industry No. Rank		500 rank	Revenues $ mil.	Profits $ mil.	Profits Rank	Profits as % of… Revenues %	Rank	Stockholders' equity %	Rank
64	**TRUCKING, TRUCK LEASING** 2 COMPANIES								
1	RYDER SYSTEM	407	6,639	219	2	3	2	12	2
2	J.B. HUNT TRANSPORT SVCS.	434	6,165	375	1	6	1	31	1
	TOTAL		12,804	593					

INDUSTRY NO. RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	PROFITS AS % OF... Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
65	**UTILITIES: GAS AND ELECTRIC** 24 COMPANIES								
1	EXELON	111	27,429	1,623	6	6	21	7	22
2	DUKE ENERGY	116	25,673	1,883	3	7	18	5	23
3	SOUTHERN	163	18,467	1,963	2	11	5	10	13
4	AES	178	17,378	769	17	4	22	18	1
5	PG&E CORP.	182	17,090	1,436	9	8	14	9	16
6	NEXTERA ENERGY	183	17,021	2,465	1	14	2	12	8
7	AMERICAN ELECTRIC POWER	184	17,020	1,634	5	10	10	10	14
8	FIRSTENERGY	206	15,054	299	23	2	24	2	24
9	EDISON INTERNATIONAL	226	13,413	1,612	7	12	4	15	2
10	CONSOLIDATED EDISON	236	12,919	1,092	12	8	13	9	18
11	ENTERGY	241	12,495	941	14	8	16	9	15
12	DOMINION RESOURCES	243	12,436	1,310	10	11	7	11	9
13	DTE ENERGY	246	12,301	905	15	7	17	11	10
14	XCEL ENERGY	255	11,686	1,021	13	9	11	10	12
15	PPL	257	11,616	1,737	4	15	1	13	5
16	SEMPRA ENERGY	270	11,035	1,161	11	11	8	10	11
17	PUBLIC SVC. ENTERPRISE GROUP	274	10,886	1,518	8	14	3	12	7
18	CENTERPOINT ENERGY	313	9,226	611	18	7	20	13	3
19	EVERSOURCE ENERGY	367	7,742	820	16	11	6	8	21
20	CMS ENERGY	383	7,179	477	22	7	19	13	4
21	INTEGRYS ENERGY GROUP	404	6,731	277	24	4	23	8	20
22	NISOURCE	418	6,471	530	20	8	15	9	19
23	AMEREN	438	6,054	586	19	10	9	9	17
24	AGL RESOURCES	465	5,628	482	21	9	12	13	6
	TOTAL		312,950	27,151					
	MEDIAN		12,369	1,057		9		10	
66	**WASTE MANAGEMENT** 2 COMPANIES								
1	WASTE MANAGEMENT	217	13,996	1,298	1	9	1	22	1
2	REPUBLIC SERVICES	323	8,788	548	2	6	2	7	2
	TOTAL		22,784	1,846					
67	**WHOLESALERS: DIVERSIFIED** 11 COMPANIES								
1	WORLD FUEL SERVICES	68	43,386	222	5	1	9	12	9
2	GLOBAL PARTNERS	180	17,270	115	7	1	8	20	4
3	GENUINE PARTS	199	15,342	711	2	5	3	22	3
4	W.W. GRAINGER	290	9,965	802	1	8	1	25	2
5	NGL ENERGY PARTNERS	299	9,699	48	10	0	10	3	10
6	HD SUPPLY HOLDINGS	316	9,167	3	11	0	11	—	
7	WESCO INTERNATIONAL	360	7,890	276	4	4	4	14	6
8	LKQ	403	6,740	382	3	6	2	14	7
9	LANSING TRADE GROUP	411	6,614	58	9	1	7	372	1
10	ANIXTER INTERNATIONAL	420	6,446	195	6	3	5	17	5
11	GRAYBAR ELECTRIC	445	5,979	87	8	1	6	13	8
	TOTAL		138,497	2,897					
	MEDIAN		9,167	195		1		16	

INDUSTRY NO. RANK		500 rank	REVENUES $ mil.	PROFITS $ mil.	PROFITS Rank	PROFITS AS % OF... Revenues %	Revenues Rank	Stockholders' equity %	Stockholders' equity Rank
68	**WHOLESALERS: ELECTRONICS AND OFFICE EQUIPMENT** 7 COMPANIES								
1	INGRAM MICRO	62	46,487	267	3	1	7	6	7
2	TECH DATA	107	27,671	175	5	1	6	9	6
3	AVNET	108	27,500	546	1	2	3	11	3
4	ARROW ELECTRONICS	131	22,769	498	2	2	2	12	2
5	SYNNEX	220	13,840	180	4	1	5	11	4
6	UNITED STATIONERS	489	5,327	119	6	2	1	14	1
7	INSIGHT ENTERPRISES	493	5,316	76	7	1	4	10	5
	TOTAL		148,909	1,860					
	MEDIAN		22,769	180		1		11	
69	**WHOLESALERS: FOOD AND GROCERY** 5 COMPANIES								
1	SYSCO	61	46,517	932	1	2	1	18	1
2	US FOODS	128	23,020	(73)	5	(0)	5	(4)	5
3	CORE-MARK HOLDING	352	8,170	43	4	1	4	9	3
4	SPARTANNASH	359	7,916	59	3	1	3	8	4
5	UNITED NATURAL FOODS	397	6,794	125	2	2	2	10	2
	TOTAL		92,417	1,085					
	MEDIAN		8,170	59		1		9	
70	**WHOLESALERS: HEALTH CARE** 5 COMPANIES								
1	MCKESSON	11	138,030	1,263	1	1	3	15	3
2	AMERISOURCEBERGEN	16	119,569	276	4	0	5	14	4
3	CARDINAL HEALTH	26	91,084	1,166	2	1	2	18	1
4	HENRY SCHEIN	287	10,371	466	3	4	1	17	2
5	OWENS & MINOR	309	9,440	67	5	1	4	7	5
	TOTAL		368,495	3,238					
	MEDIAN		91,084	466		1		15	
71	**MISCELLANEOUS** 6 COMPANIES								
1	3M	98	31,821	4,956	1	16	1	38	1
2	MOHAWK INDUSTRIES	362	7,803	532	3	7	4	12	5
3	MATTEL	439	6,024	499	4	8	3	17	3
4	A-MARK PRECIOUS METALS	444	5,979	8	6	0	6	17	4
5	UNITED RENTALS	461	5,685	540	2	10	2	30	2
6	OWENS CORNING	498	5,276	226	5	4	5	6	6
	TOTAL		62,589	6,761					

THE MEDAL OF HONOR

Created during the American Civil War and signed into law by President Abraham Lincoln, the Medal of Honor is bestowed on those in military service who display valor above and beyond the call of duty. Since the medal was created, there have been fewer than 3,500 Recipients.



TODAY THERE ARE 79 LIVING RECIPIENTS OF THE MEDAL OF HONOR

SALVATORE A. GIUNTA, SPECIALIST US ARMY

On October 25, 2007, Giunta's company was at the end of a five-day mission in Afghanistan. On their way back to the base at night, they were suddenly attacked by Taliban fighters. Rocket-propelled grenades and machine gun fire exploded all around them.

In the fighting, Giunta saw his friends go down including the squad medic when he rushed forward to help. Realizing the Taliban intended to overrun them, Giunta braved the heavy fire to drag one of his friends to safety and with two others launched a counterattack with volleys of grenades as the Taliban tried to surround the unit. In the darkness, as the fighting continued, he could dimly see one of his fellow Americans being carried away by the Taliban. Giunta moved forward intent on stopping it, killed one fighter and hit the other, rescuing the soldier who was badly wounded.

Hearing that he had been recommended for the Medal of Honor, Giunta felt that all of the others in the Korengal Valley fight, known as the "Valley of Death" because so many servicemen died there, were as worthy of being honored as he was. When the President fastened the medal around his neck, he said, "Every single soldier I've been with in two combat tours deserves to wear this just as much as I do."

Giunta's story exemplifies the selfless sacrifice, courage, and humility of the Medal of Honor Recipients. They are true heroes.

Photo courtesy of Nick Del Calzo from the book "Medal of Honor: Portraits of Valor Beyond The Call of Duty." (2011)

Congressional Medal of Honor Society
www.cmohs.org

Congressional Medal of Honor Foundation
www.cmohfoundation.org

GW New York MOHF Co-op Program
www.gwnewyork.com/moh

MEDAL OF HONOR RECIPIENTS ESTABLISHED A FOUNDATION WITH A UNIQUE MISSION

The Congressional Medal of Honor Foundation was chartered by Recipients in 1999. The Foundation is a nonprofit organization dedicated to perpetuating the Medal of Honor's legacy through awareness, outreach, and education.

The Foundation strives through its programs and initiatives, and the personal contributions of the Recipients in communities across America, to promote the behaviors and values shared by servicemen and Recipients.

Today the number of living Medal of Honor Recipients is at its lowest point in history. And the Foundation faces a tough challenge, maintaining a heritage that is quickly vanishing.

While each of the Recipients is quick to point out that, since the Medal can only be received for war-time heroism, they hope that there will be no new Recipients, we as Americans are rapidly losing some of our greatest heroes and role models.

A book is available, "Medal of Honor: Portraits of Valor Beyond The Call of Duty" (2011). It captures many stories of the Recipients. And living history videos can be found on the Foundation website. The Foundation is dedicated to preserving their memory and inspiring generations of Americans young and old. But more must be done.

Congressional Medal of Honor Society
www.cmohs.org

Congressional Medal of Honor Foundation
www.cmohfoundation.org

GW New York MOHF Co-op Program
www.gwnewyork.com/moh

RECIPIENTS ENGAGE COMMUNITIES & EDUCATE THE YOUTH OF AMERICA

They do so through speaking in public and at private events, teaching in our schools, and recognizing fellow Americans (not in military service) who emulate the values they so strongly believe in with a citizen medal -- recognizing them for their personal acts of heroism and selfless sacrifice.

Guinta and his fellow Recipients believe that the mark of a true hero is to have the moral courage to do what needs to be done because it is the right thing to do. They believe that every person can change fate by acting on their convictions with selflessness and courage. It is the mission of the Foundation to spread this message.

The Character Development Program was initiated by Medal of Honor Recipients specifically to take their message to the schools. This unique curriculum is available free from the Foundation. A book is available, "Choosing Courage: Inspiring Stories of What It Means To Be a Hero" (2015).

The Citizen Honors Program is managed by the Foundation and receives nominations from across the country regarding acts of heroism. Medal of Honor Recipients consider all those who are nominated and ultimately select the few most deserving to bestow upon them the Citizen Honors Medal.

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†Based on interpretation of Nielsen's Mobile Insights survey data, which uses respondents' self-reported rating (1 to 10 scale) of overall satisfaction with their carrier from a national survey of approximately 90,000 U.S. mobile phone users during Q1 '15.

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Ranked Within States

With 55 companies on this year's 500, **NEW YORK** takes the top spot for the first time since 2011. **TEXAS** moved into second place, and **CALIFORNIA** fell back to third.

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
ALABAMA 1 COMPANY				
1	REGIONS FINANCIAL *Birmingham*	479	5,428.0	23,723
	TOTAL		5,428.0	23,723
ARIZONA 5 COMPANIES				
1	AVNET *Phoenix*	108	27,499.7	19,000
2	FREEPORT-MCMORAN *Phoenix*	137	21,438.0	35,000
3	REPUBLIC SERVICES *Phoenix*	323	8,788.3	31,000
4	PETSMART *Phoenix*	386	7,112.0	39,500
5	INSIGHT ENTERPRISES *Tempe*	493	5,316.2	5,406
	TOTAL		70,154.2	129,906
ARKANSAS 7 COMPANIES				
1	WAL-MART STORES *Bentonville*	1	485,651.0	2,200,000
2	TYSON FOODS *Springdale*	83	37,580.0	124,000
3	MURPHY USA *El Dorado*	202	15,279.3	5,725
4	MURPHY OIL *El Dorado*	350	8,262.5	1,712
5	DILLARD'S *Little Rock*	400	6,780.1	30,800
6	J.B. HUNT TRANSPORT SERVICES *Lowell*	434	6,165.4	20,158
7	WINDSTREAM HOLDINGS *Little Rock*	452	5,829.5	12,626
	TOTAL		565,547.8	2,395,021

ILLUSTRATION BY **COEN POHL**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
CALIFORNIA 53 COMPANIES				
1	CHEVRON *San Ramon*	3	203,784.0	64,700
2	APPLE *Cupertino*	5	182,795.0	97,200
3	MCKESSON *San Francisco*	11	138,030.0	42,800
4	HEWLETT-PACKARD *Palo Alto*	19	111,454.0	302,000
5	WELLS FARGO *San Francisco*	30	88,372.0	264,500
6	GOOGLE *Mountain View*	40	71,487.0	53,600
7	INTEL *Santa Clara*	52	55,870.0	106,700
8	WALT DISNEY *Burbank*	57	48,813.0	180,000
9	CISCO SYSTEMS *San Jose*	60	47,142.0	74,042
10	INGRAM MICRO *Santa Ana*	62	46,487.4	21,700
11	ORACLE *Redwood City*	81	38,275.0	122,000
12	SAFEWAY *Pleasanton*	84	36,643.1	137,000
13	DIRECTV *El Segundo*	95	33,260.0	30,925
14	QUALCOMM *San Diego*	113	26,487.0	31,300
15	GILEAD SCIENCES *Foster City*	118	24,890.0	7,000
16	AMGEN *Thousand Oaks*	145	20,063.0	17,900
17	EBAY *San Jose*	172	17,902.0	35,550
18	PG&E CORP. *San Francisco*	182	17,090.0	22,581
19	GAP *San Francisco*	188	16,435.0	141,000
20	WESTERN DIGITAL *Irvine*	205	15,130.0	84,072
21	HEALTH NET *Woodland Hills*	216	14,008.6	7,968
22	SYNNEX *Fremont*	220	13,839.6	64,000
23	EDISON INTERNATIONAL *Rosemead*	226	13,413.0	13,690
24	VISA *Foster City*	238	12,702.0	9,500

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
25	JACOBS ENGINEERING GROUP *Pasadena*	239	12,695.2	59,900
26	FACEBOOK *Menlo Park*	242	12,466.0	9,199
27	FARMERS INSURANCE EXCHANGE *Woodland Hills*	264	11,318.1	13,530
28	ROSS STORES *Dublin*	269	11,041.7	71,400
29	SEMPRA ENERGY *San Diego*	270	11,035.0	17,046
30	RELIANCE STEEL & ALUMINUM *Los Angeles*	283	10,451.6	14,900
31	MOLINA HEALTHCARE *Long Beach*	301	9,666.6	10,500
32	APPLIED MATERIALS *Santa Clara*	319	9,072.0	14,475
33	CBRE GROUP *Los Angeles*	321	9,049.9	52,000
34	FRANKLIN RESOURCES *San Mateo*	335	8,491.4	9,266
35	BROADCOM *Irvine*	340	8,428.0	10,650
36	AECOM *Los Angeles*	343	8,356.8	43,300
37	CORE-MARK HOLDING *South San Francisco*	352	8,169.8	5,933
38	ALLERGAN *Irvine*	380	7,237.9	10,500
39	PACIFIC LIFE *Newport Beach*	387	7,073.0	3,095
40	AGILENT TECHNOLOGIES *Santa Clara*	389	6,981.0	21,400
41	LIVE NATION ENTERTAINMENT *Beverly Hills*	392	6,867.0	10,950
42	SYMANTEC *Mountain View*	405	6,676.0	20,800
43	SANDISK *Milpitas*	408	6,627.7	8,696
44	AVERY DENNISON *Glendale*	427	6,330.3	25,000
45	NETAPP *Sunnyvale*	428	6,325.1	12,490
46	SANMINA *San Jose*	432	6,215.1	38,417
47	CHARLES SCHWAB *San Francisco*	435	6,156.0	14,600
48	MATTEL *El Segundo*	439	6,023.8	31,000
49	A-MARK PRECIOUS METALS *Santa Monica*	444	5,979.4	55
50	CLOROX *Oakland*	469	5,591.0	8,200
51	ADVANCED MICRO DEVICES *Sunnyvale*	473	5,506.0	9,687
52	NETFLIX *Los Gatos*	474	5,504.7	2,320
53	SALESFORCE.COM *San Francisco*	483	5,373.6	16,200
	TOTAL		1,525,082.4	2,497,237

COLORADO 9 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	ARROW ELECTRONICS *Centennial*	131	22,768.7	17,000
2	DISH NETWORK *Englewood*	208	14,643.4	19,000
3	DAVITA HEALTHCARE PARTNERS *Denver*	231	13,162.0	57,900
4	LIBERTY INTERACTIVE *Englewood*	263	11,382.0	20,078
5	BALL *Broomfield*	332	8,570.0	14,500
6	NEWMONT MINING *Greenwood Village*	379	7,292.0	13,720
7	LEVEL 3 COMMUNICATIONS *Broomfield*	401	6,777.0	13,500
8	WESTERN UNION *Englewood*	468	5,607.2	10,000
9	CH2M HILL *Englewood*	480	5,413.5	25,000
	TOTAL		95,615.8	190,698

CONNECTICUT 17 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	GENERAL ELECTRIC *Fairfield*	8	148,321.0	305,000
2	UNITED TECHNOLOGIES *Hartford*	45	65,100.0	211,500
3	AETNA *Hartford*	49	58,003.2	48,800
4	CIGNA *Bloomfield*	90	34,914.0	37,200
5	XEROX *Norwalk*	143	20,905.0	147,500
6	HARTFORD FINANCIAL SERVICES GROUP *Hartford*	160	18,847.0	17,500
7	PRAXAIR *Danbury*	249	12,273.0	27,780
8	STANLEY BLACK & DECKER *New Britain*	261	11,457.0	50,400
9	CHARTER COMMUNICATIONS *Stamford*	317	9,108.0	23,200
10	PRICELINE GROUP *Norwalk*	339	8,442.0	12,700
11	TEREX *Westport*	377	7,403.7	20,400
12	W.R. BERKLEY *Greenwich*	385	7,128.9	7,521
13	EMCOR GROUP *Norwalk*	421	6,444.3	27,000
14	STARWOOD HOTELS & RESORTS *Stamford*	442	5,983.0	180,400
15	UNITED RENTALS *Stamford*	461	5,685.0	12,500
16	HARMAN INTERNATIONAL INDUSTRIES *Stamford*	486	5,348.5	14,202
17	AMPHENOL *Wallingford*	487	5,345.5	50,700
	TOTAL		430,709.1	1,194,303

DELAWARE 2 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	DUPONT *Wilmington*	87	36,046.0	63,000
2	NAVIENT *Wilmington*	463	5,637.0	6,200
	TOTAL		41,683.0	69,200

DISTRICT OF COLUMBIA 2 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	FANNIE MAE *Washington*	17	116,461.0	7,600
2	DANAHER *Washington*	147	19,913.8	71,000
	TOTAL		136,374.8	78,600

FLORIDA 15 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	WORLD FUEL SERVICES *Miami*	68	43,386.4	4,041
2	PUBLIX SUPER MARKETS *Lakeland*	101	30,802.5	175,000
3	TECH DATA *Clearwater*	107	27,670.6	8,900
4	AUTONATION *Fort Lauderdale*	156	19,108.8	24,000
5	NEXTERA ENERGY *Juno Beach*	183	17,021.0	13,800
6	JABIL CIRCUIT *St. Petersburg*	191	16,348.8	142,000
7	OFFICE DEPOT *Boca Raton*	194	16,096.0	56,000
8	WELLCARE HEALTH PLANS *Tampa*	234	12,959.9	6,700
9	CSX *Jacksonville*	240	12,669.0	31,511
10	FIDELITY NATIONAL FINANCIAL *Jacksonville*	314	9,199.0	56,883
11	DARDEN RESTAURANTS *Orlando*	325	8,757.7	206,489
12	JARDEN *Boca Raton*	348	8,287.1	33,000
13	LENNAR *Miami*	364	7,779.8	6,825
14	RYDER SYSTEM *Miami*	407	6,638.8	30,600
15	FIDELITY NATIONAL INFO. SERVICES *Jacksonville*	422	6,416.8	40,000
	TOTAL		243,142.2	835,749

GEORGIA 20 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	HOME DEPOT *Atlanta*	33	83,176.0	371,000
2	UNITED PARCEL SERVICE *Atlanta*	47	58,232.0	336,150
3	COCA-COLA *Atlanta*	63	45,998.0	129,200
4	DELTA AIR LINES *Atlanta*	73	40,362.0	79,655
5	AFLAC *Columbus*	132	22,728.0	9,525
6	SOUTHERN *Atlanta*	163	18,467.0	26,369
7	GENUINE PARTS *Atlanta*	199	15,341.6	39,000
8	FIRST DATA *Atlanta*	265	11,151.8	22,655
9	ROCK-TENN *Norcross*	293	9,895.1	26,600
10	AGCO *Duluth*	296	9,723.7	20,828
11	HD SUPPLY HOLDINGS *Atlanta*	316	9,167.0	15,000
12	SUNTRUST BANKS *Atlanta*	327	8,707.0	24,638
13	MOHAWK INDUSTRIES *Calhoun*	362	7,803.4	32,300
14	COCA-COLA ENTERPRISES *Atlanta*	368	7,680.0	11,650
15	NCR *Duluth*	412	6,591.0	30,200
16	ASBURY AUTOMOTIVE GROUP *Duluth*	450	5,867.7	8,300
17	PULTEGROUP *Atlanta*	453	5,822.4	4,149
18	NEWELL RUBBERMAID *Atlanta*	455	5,810.4	17,400
19	AGL RESOURCES *Atlanta*	465	5,628.0	5,165
20	ARRIS GROUP *Suwanee*	492	5,322.9	6,660
	TOTAL		383,475.0	1,216,444

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
IDAHO 1 COMPANY				
1	**MICRON TECHNOLOGY** *Boise*	190	16,358.0	30,400
	TOTAL		**16,358.0**	**30,400**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
ILLINOIS 34 COMPANIES				
1	**BOEING** *Chicago*	27	90,762.0	165,500
2	**ARCHER DANIELS MIDLAND** *Chicago*	34	81,201.0	33,900
3	**WALGREENS BOOTS ALLIANCE** *Deerfield*	35	76,392.0	213,000
4	**STATE FARM INSURANCE COS.** *Bloomington*	41	71,159.8	73,262
5	**CATERPILLAR** *Peoria*	54	55,184.0	114,233
6	**UNITED CONTINENTAL HOLDINGS** *Chicago*	79	38,901.0	84,000
7	**DEERE** *Moline*	86	36,066.9	59,623
8	**ALLSTATE** *Northbrook*	89	35,239.0	39,950
9	**MONDELEZ INTERNATIONAL** *Deerfield*	91	34,244.0	104,000
10	**SEARS HOLDINGS** *Hoffman Estates*	99	31,198.0	196,000
11	**MCDONALD'S** *Oak Brook*	110	27,441.3	420,000
12	**EXELON** *Chicago*	111	27,429.0	28,993
13	**US FOODS** *Rosemont*	128	23,019.8	25,000
14	**ABBOTT LABORATORIES** *Abbott Park*	134	22,323.0	77,000
15	**ABBVIE** *North Chicago*	146	19,960.0	26,000
16	**KRAFT FOODS GROUP** *Northfield*	165	18,205.0	22,100
17	**BAXTER INTERNATIONAL** *Deerfield*	185	16,972.0	65,500
18	**ILLINOIS TOOL WORKS** *Glenview*	201	15,282.0	49,000
19	**CDW** *Vernon Hills*	253	12,074.5	7,211
20	**R.R. DONNELLEY & SONS** *Chicago*	258	11,603.4	68,000
21	**NAVISTAR INTERNATIONAL** *Lisle*	276	10,806.0	14,800
22	**W.W. GRAINGER** *Lake Forest*	290	9,965.0	22,950
23	**DISCOVER FINANCIAL SERVICES** *Riverwoods*	303	9,611.0	14,676
24	**TENNECO** *Lake Forest*	341	8,420.0	29,000
25	**DOVER** *Downers Grove*	346	8,321.7	26,740
26	**MOTOROLA SOLUTIONS** *Schaumburg*	363	7,785.0	15,000
27	**LKQ** *Chicago*	403	6,740.1	29,500
28	**INTEGRYS ENERGY GROUP** *Chicago*	404	6,731.3	4,524
29	**ANIXTER INTERNATIONAL** *Glenview*	420	6,445.5	9,100
30	**PACKAGING CORP. OF AMERICA** *Lake Forest*	451	5,852.6	14,000
31	**INGREDION** *Westchester*	462	5,668.4	10,850
32	**OLD REPUBLIC INTERNATIONAL** *Chicago*	472	5,530.7	8,000
33	**JONES LANG LASALLE** *Chicago*	478	5,429.6	58,100
34	**UNITED STATIONERS** *Deerfield*	489	5,327.2	6,500
	TOTAL		**847,291.8**	**2,136,012**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
INDIANA 6 COMPANIES				
1	**ANTHEM** *Indianapolis*	38	73,874.1	51,500
2	**ELI LILLY** *Indianapolis*	151	19,615.6	39,135
3	**CUMMINS** *Columbus*	154	19,221.0	54,600
4	**STEEL DYNAMICS** *Fort Wayne*	326	8,756.0	7,780
5	**NISOURCE** *Merrillville*	418	6,470.6	8,982
6	**CALUMET SPECIALTY PRODUCTS** *Indianapolis*	457	5,791.1	2,200
	TOTAL		**133,728.4**	**164,197**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
IOWA 2 COMPANIES				
1	**PRINCIPAL FINANCIAL** *Des Moines*	282	10,477.6	14,873
2	**CASEY'S GENERAL STORES** *Ankeny*	382	7,194.3	20,924
	TOTAL		**17,671.9**	**35,797**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
KANSAS 3 COMPANIES				
1	**SPIRIT AEROSYSTEMS HOLDINGS** *Wichita*	396	6,799.2	15,250
2	**LANSING TRADE GROUP** *Overland Park*	411	6,613.9	300
3	**SEABOARD** *Shawnee Mission*	417	6,473.1	10,778
	TOTAL		**19,886.2**	**26,328**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
KENTUCKY 5 COMPANIES				
1	**HUMANA** *Louisville*	58	48,500.0	57,000
2	**YUM BRANDS** *Louisville*	228	13,279.0	303,405
3	**ASHLAND** *Covington*	371	7,621.0	11,000
4	**GENERAL CABLE** *Highland Heights*	443	5,979.8	13,000
5	**KINDRED HEALTHCARE** *Louisville*	491	5,324.7	50,100
	TOTAL		**80,704.5**	**434,505**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
LOUISIANA 2 COMPANIES				
1	**CENTURYLINK** *Monroe*	168	18,031.0	45,000
2	**ENTERGY** *New Orleans*	241	12,494.9	13,393
	TOTAL		**30,525.9**	**58,393**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
MARYLAND 4 COMPANIES				
1	**LOCKHEED MARTIN** *Bethesda*	64	45,600.0	112,000
2	**MARRIOTT INTERNATIONAL** *Bethesda*	221	13,796.0	123,500
3	**DISCOVERY COMMUNICATIONS** *Silver Spring*	430	6,265.0	6,800
4	**HOST HOTELS & RESORTS** *Bethesda*	485	5,354.0	251
	TOTAL		**71,015.0**	**242,551**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
MASSACHUSETTS 12 COMPANIES				
1	**LIBERTY MUTUAL INSURANCE GROUP** *Boston*	78	39,796.0	50,000
2	**MASS. MUTUAL LIFE INSURANCE** *Springfield*	94	33,572.4	11,418
3	**TJX** *Framingham*	103	29,078.4	198,000
4	**EMC** *Hopkinton*	121	24,440.0	70,000
5	**RAYTHEON** *Waltham*	129	22,826.0	61,000
6	**STAPLES** *Framingham*	133	22,492.4	61,738
7	**GLOBAL PARTNERS** *Waltham*	180	17,270.0	1,154
8	**THERMO FISHER SCIENTIFIC** *Waltham*	181	17,099.6	51,000
9	**STATE STREET CORP.** *Boston*	278	10,687.0	29,970
10	**BIOGEN** *Cambridge*	298	9,703.3	7,550
11	**EVERSOURCE ENERGY** *Springfield*	367	7,741.9	8,248
12	**BOSTON SCIENTIFIC** *Marlborough*	378	7,380.0	24,000
	TOTAL		**242,087.0**	**574,078**

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
MICHIGAN 20 COMPANIES				
1	**GENERAL MOTORS** *Detroit*	6	155,929.0	216,000
2	**FORD MOTOR** *Dearborn*	9	144,077.0	187,000
3	**DOW CHEMICAL** *Midland*	48	58,167.0	53,216
4	**WHIRLPOOL** *Benton Harbor*	148	19,872.0	100,000
5	**LEAR** *Southfield*	174	17,727.3	125,200
6	**TRW AUTOMOTIVE HOLDINGS** *Livonia*	175	17,539.0	72,900
7	**PENSKE AUTOMOTIVE GROUP** *Bloomfield Hills*	177	17,438.9	22,100
8	**KELLOGG** *Battle Creek*	210	14,580.0	29,790
9	**DTE ENERGY** *Detroit*	246	12,301.0	10,000
10	**ALLY FINANCIAL** *Detroit*	295	9,790.0	6,900
11	**STRYKER** *Kalamazoo*	300	9,675.0	26,000
12	**AUTOLIV** *Auburn Hills*	312	9,240.5	55,400
13	**MASCO** *Taylor*	334	8,521.0	32,000
14	**VISTEON** *Van Buren Township*	344	8,343.0	25,500

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
15	**BORGWARNER** *Auburn Hills*	347	8,305.1	22,000
16	**SPARTANNASH** *Grand Rapids*	359	7,916.1	12,300
17	**CMS ENERGY** *Jackson*	383	7,179.0	7,726
18	**AUTO-OWNERS INSURANCE** *Lansing*	425	6,336.7	4,377
19	**CON-WAY** *Ann Arbor*	456	5,806.1	30,100
20	**KELLY SERVICES** *Troy*	471	5,562.7	8,300
	TOTAL		544,306.4	1,046,809

MINNESOTA 17 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	**UNITEDHEALTH GROUP** *Minnetonka*	14	130,474.0	170,000
2	**TARGET** *Minneapolis*	36	74,520.0	347,000
3	**CHS** *Inver Grove Heights*	69	42,664.0	11,824
4	**BEST BUY** *Richfield*	72	41,903.0	125,000
5	**3M** *St. Paul*	98	31,821.0	89,800
6	**U.S. BANCORP** *Minneapolis*	138	21,392.0	66,750
7	**SUPERVALU** *Eden Prairie*	164	18,390.0	35,800
8	**GENERAL MILLS** *Minneapolis*	171	17,909.6	43,000
9	**LAND O'LAKES** *Arden Hills*	203	15,198.8	10,000
10	**ECOLAB** *St. Paul*	213	14,280.5	47,430
11	**C.H. ROBINSON WORLDWIDE** *Eden Prairie*	225	13,470.1	11,521
12	**AMERIPRISE FINANCIAL** *Minneapolis*	247	12,296.0	12,209
13	**XCEL ENERGY** *Minneapolis*	255	11,686.1	11,640
14	**HORMEL FOODS** *Austin*	310	9,316.3	20,400
15	**MOSAIC** *Plymouth*	320	9,055.8	9,100
16	**THRIVENT FINL. FOR LUTHERANS** *Minneapolis*	333	8,521.2	3,062
17	**ST. JUDE MEDICAL** *St. Paul*	466	5,622.0	16,000
	TOTAL		478,520.4	1,030,536

MISSOURI 10 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	**EXPRESS SCRIPTS HOLDING** *St. Louis*	22	100,887.1	29,500
2	**EMERSON ELECTRIC** *St. Louis*	120	24,537.0	115,100
3	**CENTENE** *St. Louis*	186	16,588.0	13,400
4	**MONSANTO** *St. Louis*	197	15,855.0	24,700
5	**REINSURANCE GROUP OF AMERICA** *Chesterfield*	273	10,904.2	2,070
6	**O'REILLY AUTOMOTIVE** *Springfield*	381	7,216.1	50,853
7	**PEABODY ENERGY** *St. Louis*	398	6,792.2	8,300
8	**JONES FINANCIAL** *Des Peres*	426	6,333.0	40,000
9	**AMEREN** *St. Louis*	438	6,054.0	8,527
10	**GRAYBAR ELECTRIC** *St. Louis*	445	5,978.9	8,250
	TOTAL		201,145.5	300,700

NEBRASKA 5 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	**BERKSHIRE HATHAWAY** *Omaha*	4	194,673.0	316,000
2	**UNION PACIFIC** *Omaha*	123	23,988.0	47,201
3	**CONAGRA FOODS** *Omaha*	173	17,772.9	32,800
4	**PETER KIEWIT SONS'** *Omaha*	286	10,380.0	25,700
5	**MUTUAL OF OMAHA INSURANCE** *Omaha*	391	6,878.0	5,276
	TOTAL		253,691.9	426,977

NEVADA 4 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	**LAS VEGAS SANDS** *Las Vegas*	209	14,583.8	48,500
2	**MGM RESORTS INTERNATIONAL** *Las Vegas*	289	10,082.0	60,100
3	**CAESARS ENTERTAINMENT** *Las Vegas*	328	8,679.0	68,000
4	**WYNN RESORTS** *Las Vegas*	477	5,433.7	16,800
	TOTAL		38,778.5	193,400

NEW JERSEY 19 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	**JOHNSON & JOHNSON** *New Brunswick*	37	74,331.0	126,500
2	**PRUDENTIAL FINANCIAL** *Newark*	55	54,123.0	48,331
3	**MERCK** *Kenilworth*	71	42,237.0	70,000
4	**HONEYWELL INTERNATIONAL** *Morris Township*	74	40,306.0	127,000
5	**PBF ENERGY** *Parsippany*	149	19,828.2	1,714
6	**NRG ENERGY** *Princeton*	196	15,868.0	9,806
7	**CHUBB** *Warren*	215	14,098.0	10,200
8	**TOYS "R" US** *Wayne*	245	12,361.0	66,000
9	**AUTOMATIC DATA PROCESSING** *Roseland*	251	12,219.5	61,000
10	**BED BATH & BEYOND** *Union*	260	11,504.0	58,000
11	**PUBLIC SERVICE ENTERPRISE GROUP** *Newark*	274	10,886.0	12,689
12	**COGNIZANT TECHNOLOGY SOLUTIONS** *Teaneck*	288	10,262.7	211,500
13	**AVIS BUDGET GROUP** *Parsippany*	336	8,485.0	26,250
14	**BECTON DICKINSON** *Franklin Lakes*	338	8,446.0	30,619
15	**CAMPBELL SOUP** *Camden*	342	8,405.0	19,400
16	**CELGENE** *Summit*	369	7,670.4	6,012
17	**QUEST DIAGNOSTICS** *Madison*	375	7,435.0	45,000
18	**REALOGY HOLDINGS** *Madison*	488	5,328.0	10,700
19	**WYNDHAM WORLDWIDE** *Parsippany*	497	5,281.0	34,400
	TOTAL		369,074.8	975,121

NEW YORK 55 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	**VERIZON COMMUNICATIONS** *New York*	15	127,079.0	177,300
2	**J.P. MORGAN CHASE & CO.** *New York*	21	102,102.0	241,359
3	**INTERNATIONAL BUSINESS MACHINES** *Armonk*	24	94,128.0	412,775
4	**CITIGROUP** *New York*	28	90,646.0	241,000
5	**METLIFE** *New York*	39	73,316.0	68,000
6	**PEPSICO** *Purchase*	44	66,683.0	271,000
7	**AMERICAN INTERNATIONAL GROUP** *New York*	46	64,406.0	65,000
8	**PFIZER** *New York*	56	49,605.0	78,300
9	**GOLDMAN SACHS GROUP** *New York*	76	40,085.0	34,000
10	**NEW YORK LIFE INSURANCE** *New York*	80	38,680.4	11,563
11	**MORGAN STANLEY** *New York*	82	37,953.0	55,802
12	**AMERICAN EXPRESS** *New York*	88	35,999.0	54,000
13	**TIAA-CREF** *New York*	92	34,230.3	12,322
14	**INTL FCSTONE** *New York*	93	34,063.3	1,141
15	**TWENTY-FIRST CENTURY FOX** *New York*	97	31,867.0	27,000
16	**PHILIP MORRIS INTERNATIONAL** *New York*	102	29,767.0	82,500
17	**TIME WARNER** *New York*	104	28,774.0	25,600
18	**TRAVELERS COS.** *New York*	112	27,162.0	30,200
19	**ALCOA** *New York*	125	23,906.0	59,000
20	**TIME WARNER CABLE** *New York*	130	22,812.0	54,615
21	**HESS** *New York*	141	21,015.0	3,045
22	**ICAHN ENTERPRISES** *New York*	155	19,157.0	65,577
23	**COLGATE-PALMOLIVE** *New York*	179	17,277.0	37,700
24	**BANK OF NEW YORK MELLON CORP.** *New York*	189	16,386.0	50,300
25	**BRISTOL-MYERS SQUIBB** *New York*	195	15,879.0	25,000
26	**OMNICOM GROUP** *New York*	200	15,317.8	74,000
27	**LOEWS** *New York*	211	14,572.0	17,510
28	**CBS** *New York*	212	14,483.0	20,125
29	**VIACOM** *New York*	222	13,783.0	10,140
30	**MARSH & MCLENNAN** *New York*	235	12,951.0	57,000
31	**CONSOLIDATED EDISON** *New York*	236	12,919.0	14,601
32	**LEUCADIA NATIONAL** *New York*	244	12,407.3	13,082
33	**L-3 COMMUNICATIONS** *New York*	252	12,124.0	45,000
34	**GUARDIAN LIFE INS. CO. OF AMERICA** *New York*	254	11,909.3	5,000
35	**BLACKROCK** *New York*	267	11,081.0	12,200
36	**VOYA FINANCIAL** *New York*	268	11,070.9	6,500

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
37	ESTÉE LAUDER *New York*	271	10,968.8	42,400
38	ASSURANT *New York*	285	10,381.7	17,379
39	HENRY SCHEIN *Melville*	287	10,371.4	17,500
40	CORNING *Corning*	297	9,715.0	34,600
41	MASTERCARD *Purchase*	308	9,473.0	10,300
42	AVON PRODUCTS *New York*	322	8,851.4	33,200
43	NEWS CORP. *New York*	331	8,574.0	22,000
44	PVH *New York*	351	8,241.2	25,850
45	KKR *New York*	356	7,971.9	1,209
46	INTERPUBLIC GROUP *New York*	372	7,537.1	47,400
47	BLACKSTONE GROUP *New York*	373	7,484.7	2,190
48	RALPH LAUREN *New York*	374	7,450.0	18,500
49	FOOT LOCKER *New York*	384	7,151.0	29,568
50	CABLEVISION SYSTEMS *Bethpage*	419	6,460.9	14,312
51	BARNES & NOBLE *New York*	423	6,381.4	37,500
52	HRG GROUP *New York*	447	5,963.0	14,427
53	JETBLUE AIRWAYS *Long Island City*	454	5,817.0	13,343
54	ALLEGHANY *New York*	499	5,231.8	2,067
55	MCGRAW HILL FINANCIAL *New York*	500	5,190.0	17,000
	TOTAL		1,434,811.6	2,860,002

NORTH CAROLINA 14 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	BANK OF AMERICA CORP. *Charlotte*	23	95,181.0	223,715
2	LOWE'S *Mooresville*	50	56,223.0	220,500
3	DUKE ENERGY *Charlotte*	116	25,673.0	28,344
4	NUCOR *Charlotte*	139	21,105.1	23,600
5	VF *Greensboro*	248	12,282.2	59,697
6	FAMILY DOLLAR STORES *Matthews*	281	10,489.3	47,500
7	BB&T CORP. *Winston-Salem*	292	9,926.0	33,400
8	SONIC AUTOMOTIVE *Charlotte*	315	9,197.1	9,300
9	REYNOLDS AMERICAN *Winston-Salem*	337	8,471.0	5,350
10	SEALED AIR *Charlotte*	366	7,750.5	24,000
11	PANTRY *Cary*	402	6,765.4	10,591
12	LABORATORY CORP. OF AMERICA *Burlington*	440	6,011.6	36,000
13	QUINTILES TRANSNATIONAL HOLDINGS *Durham*	476	5,460.0	32,600
14	HANESBRANDS *Winston-Salem*	490	5,324.7	59,500
	TOTAL		279,859.9	814,097

OHIO 23 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	KROGER *Cincinnati*	20	108,465.0	400,000
2	MARATHON PETROLEUM *Findlay*	25	91,417.0	45,340
3	CARDINAL HEALTH *Dublin*	26	91,084.0	34,000
4	PROCTER & GAMBLE *Cincinnati*	32	84,537.0	118,000
5	NATIONWIDE *Columbus*	85	36,256.7	33,672
6	MACY'S *Cincinnati*	105	28,105.0	166,900
7	PROGRESSIVE *Mayfield Village*	153	19,391.4	26,501
8	GOODYEAR TIRE & RUBBER *Akron*	166	18,138.0	67,000
9	AMERICAN ELECTRIC POWER *Columbus*	184	17,020.0	18,529
10	FIRSTENERGY *Akron*	206	15,054.0	15,557
11	PARKER-HANNIFIN *Cleveland*	230	13,216.0	57,450
12	L BRANDS *Columbus*	262	11,454.1	50,150
13	SHERWIN-WILLIAMS *Cleveland*	266	11,129.5	39,674
14	TRAVELCENTERS OF AMERICA *Westlake*	365	7,778.6	16,330
15	OWENS-ILLINOIS *Perrysburg*	399	6,784.0	21,100
16	DANA HOLDING *Maumee*	410	6,617.0	22,600
17	OMNICARE *Cincinnati*	414	6,551.4	12,089
18	AK STEEL HOLDING *West Chester*	415	6,505.7	8,313
19	FIFTH THIRD BANCORP *Cincinnati*	416	6,503.0	18,351
20	AMERICAN FINANCIAL GROUP *Cincinnati*	459	5,713.0	7,800
21	J.M. SMUCKER *Orrville*	467	5,610.6	4,775
22	WESTERN & SOUTHERN FINANCIAL *Cincinnati*	481	5,404.4	2,146
23	OWENS CORNING *Toledo*	498	5,276.0	14,000
	TOTAL		608,011.4	1,200,277

OKLAHOMA 5 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	CHESAPEAKE ENERGY *Oklahoma City*	142	20,951.0	5,500
2	DEVON ENERGY *Oklahoma City*	152	19,566.0	5,437
3	ONEOK *Tulsa*	237	12,835.7	2,269
4	NGL ENERGY PARTNERS *Tulsa*	299	9,699.3	2,500
5	WILLIAMS *Tulsa*	370	7,637.0	6,742
	TOTAL		70,689.0	22,448

OREGON 3 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	NIKE *Beaverton*	106	27,799.0	56,500
2	PRECISION CASTPARTS *Portland*	302	9,640.0	29,085
3	LITHIA MOTORS *Medford*	482	5,402.9	8,827
	TOTAL		42,841.9	94,412

PENNSYLVANIA 18 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	AMERISOURCEBERGEN *Chesterbrook*	16	119,569.1	13,500
2	COMCAST *Philadelphia*	43	68,775.0	139,000
3	RITE AID *Camp Hill*	117	25,526.4	69,420
4	UNITED STATES STEEL *Pittsburgh*	176	17,507.0	35,500
5	PNC FINANCIAL SERVICES GROUP *Pittsburgh*	192	16,281.0	51,666
6	PPG INDUSTRIES *Pittsburgh*	198	15,607.0	44,400
7	ARAMARK *Philadelphia*	207	14,832.9	216,000
8	LINCOLN NATIONAL *Radnor*	223	13,554.0	9,627
9	PPL *Allentown*	257	11,616.0	17,391
10	H.J. HEINZ *Pittsburgh*	272	10,922.3	24,500
11	AIR PRODUCTS & CHEMICALS *Allentown*	284	10,447.5	21,050
12	CROWN HOLDINGS *Philadelphia*	318	9,097.0	23,000
13	UNIVERSAL HEALTH SERVICES *King of Prussia*	324	8,764.3	58,700
14	UGI *King of Prussia*	349	8,277.3	12,800
15	WESCO INTERNATIONAL *Pittsburgh*	360	7,889.6	9,400
16	HERSHEY *Hershey*	376	7,421.8	21,625
17	DICK'S SPORTING GOODS *Coraopolis*	393	6,814.5	24,800
18	ERIE INSURANCE GROUP *Erie*	436	6,124.0	4,700
	TOTAL		379,026.7	797,079

RHODE ISLAND 3 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	CVS HEALTH *Woonsocket*	10	139,367.0	177,800
2	TEXTRON *Providence*	219	13,878.0	34,000
3	UNITED NATURAL FOODS *Providence*	397	6,794.4	8,700
	TOTAL		160,039.4	220,500

SOUTH CAROLINA 1 COMPANY

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	DOMTAR *Fort Mill*	470	5,563.0	9,800
	TOTAL		5,563.0	9,800

TENNESSEE 11 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	FEDEX *Memphis*	65	45,567.0	298,099
2	HCA HOLDINGS *Nashville*	75	40,087.0	197,000
3	INTERNATIONAL PAPER *Memphis*	114	26,221.0	58,000
4	COMMUNITY HEALTH SYSTEMS *Franklin*	135	21,987.0	119,000

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
5	DOLLAR GENERAL *Goodlettsville*	159	18,909.6	105,500
6	UNUM GROUP *Chattanooga*	279	10,509.7	9,500
7	EASTMAN CHEMICAL *Kingsport*	305	9,527.0	15,000
8	AUTOZONE *Memphis*	307	9,475.3	59,660
9	DELEK US HOLDINGS *Brentwood*	345	8,324.3	4,361
10	TRACTOR SUPPLY *Brentwood*	460	5,711.7	16,050
11	LIFEPOINT HOSPITALS *Brentwood*	495	5,300.9	38,000
	TOTAL		201,620.5	920,170

TEXAS 54 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	EXXON MOBIL *Irving*	2	382,597.0	83,700
2	PHILLIPS 66 *Houston*	7	149,434.0	14,000
3	AT&T *Dallas*	12	132,447.0	243,620
4	VALERO ENERGY *San Antonio*	13	130,844.0	10,065
5	CONOCOPHILLIPS *Houston*	51	55,997.0	19,100
6	ENERGY TRANSFER EQUITY *Dallas*	53	55,691.0	27,605
7	ENTERPRISE PRODUCTS PARTNERS *Houston*	59	47,951.2	6,900
8	SYSCO *Houston*	61	46,516.7	50,300
9	PLAINS GP HOLDINGS *Houston*	67	43,464.0	5,300
10	AMERICAN AIRLINES GROUP *Fort Worth*	70	42,650.0	113,300
11	TESORO *San Antonio*	77	40,052.0	5,641
12	HALLIBURTON *Houston*	96	32,870.0	80,000
13	OCCIDENTAL PETROLEUM *Houston*	115	25,898.0	11,700
14	BAKER HUGHES *Houston*	119	24,551.0	62,000
15	UNITED SERVICES AUTO. ASSN. *San Antonio*	122	24,032.7	27,635
16	NATIONAL OILWELL VARCO *Houston*	127	23,141.0	59,091
17	FLUOR *Irving*	136	21,531.6	37,508
18	KIMBERLY-CLARK *Irving*	140	21,044.0	43,000
19	HOLLYFRONTIER *Dallas*	150	19,764.3	2,686
20	SOUTHWEST AIRLINES *Dallas*	161	18,605.0	46,278
21	ANADARKO PETROLEUM *The Woodlands*	162	18,470.0	6,100
22	EOG RESOURCES *Houston*	167	18,035.3	3,000
23	TENET HEALTHCARE *Dallas*	170	17,924.0	96,456
24	KINDER MORGAN *Houston*	193	16,226.0	11,535
25	WESTERN REFINING *El Paso*	204	15,153.6	5,700
26	WHOLE FOODS MARKET *Austin*	214	14,194.0	72,650
27	WASTE MANAGEMENT *Houston*	217	13,996.0	39,800
28	APACHE *Houston*	218	13,938.0	4,950
29	MARATHON OIL *Houston*	227	13,297.0	3,330
30	TEXAS INSTRUMENTS *Dallas*	233	13,045.0	31,003
31	J.C. PENNEY *Plano*	250	12,257.0	114,000
32	CAMERON INTERNATIONAL *Houston*	275	10,809.0	28,000
33	CST BRANDS *San Antonio*	277	10,777.0	11,099
34	GROUP 1 AUTOMOTIVE *Houston*	291	9,937.9	11,978
35	DEAN FOODS *Dallas*	306	9,503.2	17,246
36	GAMESTOP *Grapevine*	311	9,296.0	36,000
37	CENTERPOINT ENERGY *Houston*	313	9,226.0	8,540
38	TARGA RESOURCES *Houston*	329	8,616.5	1,350
39	CALPINE *Houston*	353	8,030.0	2,052
40	D.R. HORTON *Fort Worth*	354	8,024.9	5,621
41	FMC TECHNOLOGIES *Houston*	357	7,942.6	20,300
42	QUANTA SERVICES *Houston*	361	7,851.3	24,600
43	COMMERCIAL METALS *Irving*	388	7,057.3	9,293
44	CELANESE *Irving*	395	6,802.0	7,468
45	BUCKEYE PARTNERS *Houston*	406	6,646.1	1,720
46	KBR *Houston*	424	6,366.0	25,000
47	IHEARTMEDIA *San Antonio*	429	6,318.5	19,200
48	TRINITY INDUSTRIES *Dallas*	433	6,170.0	22,070
49	DR PEPPER SNAPPLE GROUP *Plano*	437	6,121.0	19,000
50	ENERGY FUTURE HOLDINGS *Dallas*	446	5,978.0	8,920
51	MRC GLOBAL *Houston*	448	5,933.2	4,900
52	SPECTRA ENERGY *Houston*	449	5,903.0	5,900
53	ALLIANCE DATA SYSTEMS *Plano*	494	5,302.9	15,000
54	PIONEER NATURAL RESOURCES *Irving*	496	5,293.0	4,075
	TOTAL		1,679,522.8	1,647,285

UTAH 1 COMPANY

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	HUNTSMAN *Salt Lake City*	259	11,578.0	16,000
	TOTAL		11,578.0	16,000

VIRGINIA 19 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	FREDDIE MAC *McLean*	42	69,367.0	4,982
2	GENERAL DYNAMICS *Falls Church*	100	30,852.0	99,500
3	NORTHROP GRUMMAN *Falls Church*	124	23,979.0	64,300
4	CAPITAL ONE FINANCIAL *McLean*	126	23,877.0	46,000
5	ALTRIA GROUP *Richmond*	169	17,945.0	9,000
6	AES *Arlington*	178	17,378.0	18,500
7	COMPUTER SCIENCES *Falls Church*	229	13,233.0	79,000
8	CARMAX *Richmond*	232	13,122.3	20,171
9	DOMINION RESOURCES *Richmond*	243	12,436.0	14,400
10	NORFOLK SOUTHERN *Norfolk*	256	11,624.0	29,482
11	HILTON WORLDWIDE HOLDINGS *McLean*	280	10,502.0	157,000
12	ADVANCE AUTO PARTS *Roanoke*	294	9,843.9	57,300
13	GENWORTH FINANCIAL *Richmond*	304	9,565.0	5,300
14	OWENS & MINOR *Mechanicsville*	309	9,440.2	7,800
15	DOLLAR TREE *Chesapeake*	330	8,602.2	54,050
16	HUNTINGTON INGALLS INDUSTRIES *Newport News*	390	6,957.0	38,441
17	GANNETT *McLean*	441	6,008.2	31,250
18	MEADWESTVACO *Richmond*	464	5,631.0	15,000
19	BOOZ ALLEN HAMILTON HOLDING *McLean*	475	5,478.7	22,700
	TOTAL		305,841.5	774,176

WASHINGTON 10 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	COSTCO WHOLESALE *Issaquah*	18	112,640.0	153,500
2	AMAZON.COM *Seattle*	29	88,988.0	154,100
3	MICROSOFT *Redmond*	31	86,833.0	128,000
4	PACCAR *Bellevue*	158	18,997.0	23,300
5	STARBUCKS *Seattle*	187	16,447.8	191,000
6	NORDSTROM *Seattle*	224	13,506.0	67,000
7	WEYERHAEUSER *Federal Way*	355	7,976.0	12,800
8	EXPEDITORS INTL. OF WASHINGTON *Seattle*	413	6,564.7	14,659
9	EXPEDIA *Bellevue*	458	5,763.5	18,210
10	ALASKA AIR GROUP *Seattle*	484	5,368.0	13,952
	TOTAL		363,084.0	776,521

WISCONSIN 8 COMPANIES

RANK	Company, *Headquarters*	500 rank	REVENUES $ millions	NO. OF EMPLOYEES
1	JOHNSON CONTROLS *Milwaukee*	66	43,855.0	168,000
2	NORTHWESTERN MUTUAL *Milwaukee*	109	27,465.0	5,187
3	MANPOWERGROUP *Milwaukee*	144	20,762.8	26,000
4	KOHL'S *Menomonee Falls*	157	19,023.0	84,500
5	AMERICAN FAMILY INSURANCE GROUP *Madison*	358	7,932.8	9,205
6	OSHKOSH *Oshkosh*	394	6,808.2	12,000
7	ROCKWELL AUTOMATION *Milwaukee*	409	6,623.5	22,500
8	HARLEY-DAVIDSON *Milwaukee*	431	6,228.5	6,500
	TOTAL		138,698.8	333,892
	TOTAL ALL STATES		12,523,186.4	26,793,344

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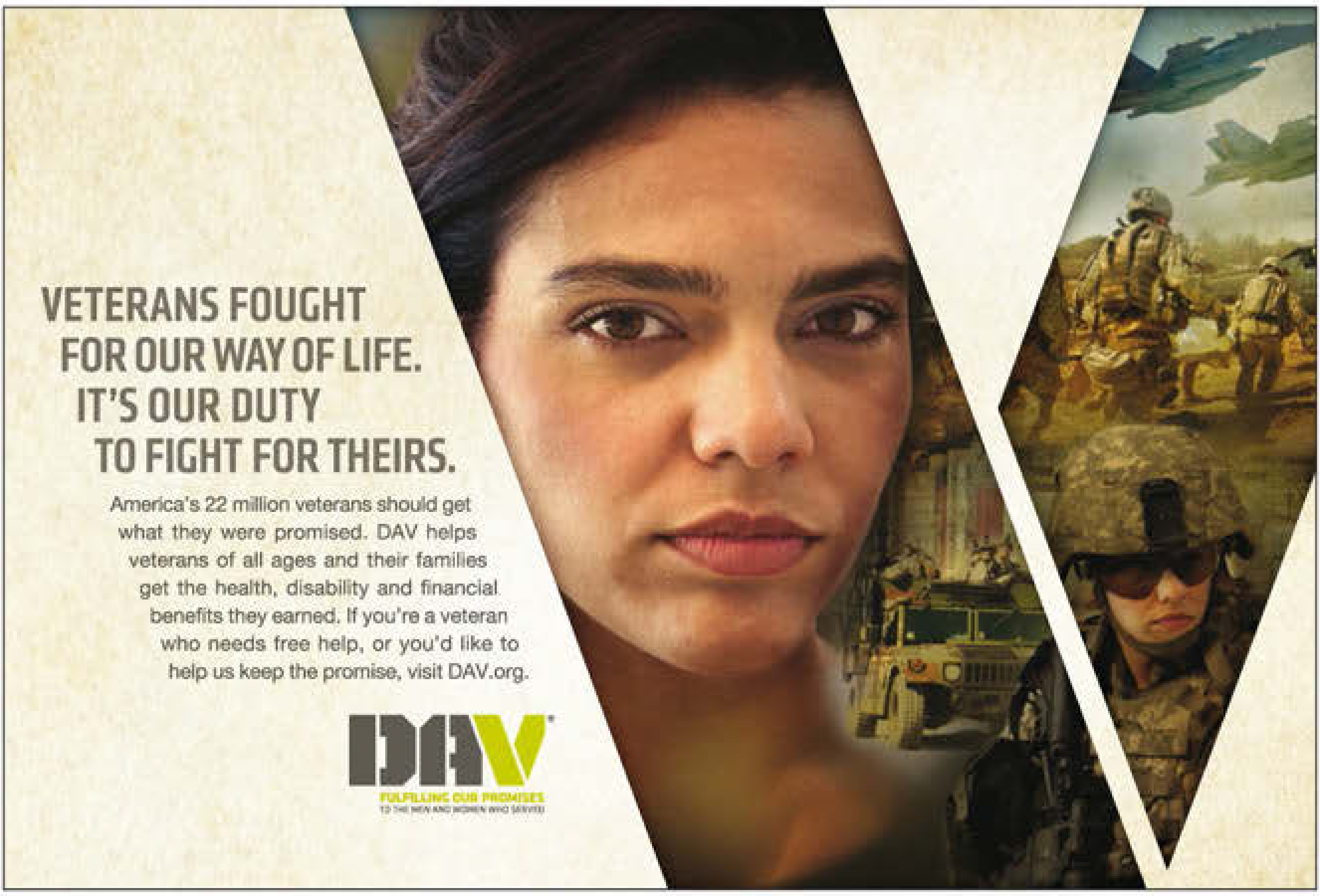

500

Company (Rank)	Industry number
JONES LANG LASALLE [478]	53
KBR [424]	17
KELLOGG [210]	21
KELLY SERVICES [471]	60
KIEWIT (PETER) SONS' [286]	17
KIMBERLY-CLARK [140]	32
KINDER MORGAN [193]	50
KINDRED HEALTHCARE [491]	27
KKR [356]	55
KOHL'S [157]	25
KRAFT FOODS GROUP [165]	21
KROGER [20]	20
LABORATORY CORP. OF AMERICA [440]	28
LAND O'LAKES [203]	21
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Sunrise in Tulum, Quintana Roo

MEXICO

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Global Investment Magnet Rises

Comprehensive economic and legislative reforms are powering robust fiscal growth and socioeconomic development.

The last two years have been historical ones for Mexico, filled with critical changes to legislation and long-awaited reforms that have transformed its economic and political landscape forever. Expectations are riding high throughout the country, and to truly realize its full potential while dealing with what have been immense changes to the business environment may prove challenging to President Enrique Peña Nieto's government. Nevertheless, the "Mexican moment" has arrived, bringing with it a globally focused, economically driven population and a business-friendly government that is ensuring that Mexico is at the center of the global economy as it continues to recover.

Although the government reforms may take time to unleash the country's full potential, inequality and poverty need to be addressed quickly. The Peña Nieto administration therefore hopes that the new reforms will allow for improvements in those areas as investment rolls in. Mexico's state-owned energy market has been opened up to private investors and to international markets, meaning new technologies will allow for even more output, once again increasing the Mexican share of the global energy market. Restrictions have also been lifted in the telecommunications sector, which should help increase competition in what is a very closed market, allowing for a reduction in prices for both businesses and the population at large.

Add these impressive reforms to positive changes to the electoral system, tax restructuring, and a reduction in the influence of the teachers' union, and it is easy to see why this is the moment for Mexico to take on the world.

Enrique Peña Nieto, President of Mexico

According to the Ministry of Finance, and irrespective of lower oil prices that the global recession has seen, the growth forecast for 2015 is 3.3% to 3.6%, beating the world average of 2.9%, and showing the momentum created by Mexico's solid private sector, worldclass multinational firms, and reformed public sector.

A Tourism Magnet

Over the past decade, Mexico has become a major player in the travel and tourism industry, with the sector becoming the country's fourth-largest source of foreign currency and a real driver of economic growth and employment.

Tourism now accounts for 9.4% of Mexican GDP and provides more than 7 million people with employment. With $12.7 billion in foreign exchange inflows arising from this sector—a massive 10.5% increase from 2011—tourism will continue its march onward as a key element of the "Mexican moment". Visitor numbers look set to grow, with more arrivals from the U.K. and Europe, as well as Japan and China, adding to the revenues.

Mexico and its offer of high-quality services, originality and countless resorts, cultural wonders and colonial treasures scattered throughout its beautiful landscapes show why some 22 million people chose the country as their holiday destination last year. And now, as the reforms of the Peña Nieto government begin to take effect, the stable, open, and deregulated economy with some of the highest proven levels of foreign reserves is ripe for investment.

Mexico's regulatory framework fully backs foreign ownership, allowing for 100% participation in shared capital projects. Mexican laws governing foreign investment provide legal guarantees and offer security to both local and foreign investors. The paperwork involved in registering foreign investments has been simplified, as have the repatriation of profits, bonuses, dividends, and interest payments.

Fibra Inn, based in Monterrey, is a Mexican trust formed primarily to acquire, develop, operate, and rent a broad range of hotel properties in Mexico. It possesses a portfolio of high-quality real estate properties aimed at the business traveler strategically spread throughout the Mexican territory.

"We have signed agreements with IHG to operate their global brands, which include Holiday Inn, Holiday Inn Express, Holiday Inn & Suites, Holiday Inn Express & Suites and Crowne Plaza and with the Wyndham Hotel Group to operate its global brands Wyndham Garden and Microtel Inn & Suites by Wyndham," explains Víctor Zorrilla Vargas, chairman of Fibra Inn.

The company concluded the first quarter of 2015 with 31 hotels in operation and two developments representing 5,538 rooms in process. These hotels enjoy some of the industry's top loyalty programs. Fibra Inn recently listed its real estate certificates on the Mexican Stock Exchange and trades under FINN13.

"Fibra Inn has laid down a foundation for growth, both at a strategic and operational level," Óscar Eduardo Calvillo Amaya, Fibra Inn's CEO, explains. "On a strategic level, during this quarter we concluded the hiring of key executives while operationally, we have, since June last year, prepared a re-engineering of processes, which is currently being replicated throughout all of the hotels within our portfolio. With these ventures, we are well-positioned to continue the deployment of capital and the addition of shareholder value."

Meanwhile, choosing the right associates when entering the Mexican market is imperative, and Corporativo Kamaji is known for guiding its international partners and clients to success. With nearly 30 years of experience in the real estate, finance, and retail sectors, Corporativo Kamaji is the ideal associate when seeking a global and comprehensive approach to doing business in Mexico.

Claudia Ruiz Massieu
Minister of Tourism

Carlos Kamkhaji
CEO
Corporativo Kamaji

Víctor Zorrilla Vargas
Chairman
Fibra Inn

As Carlos Kamkhaji, the distinguished CEO of Kamaji, says: "We are a large, vigorous firm. Our skills have allowed us to navigate different international economic crises and sail through recessions. Our ability to make decisions quickly has allowed us to adapt to the legislative reforms Mexico has recently undergone."

Corporativo Kamaji owns more than 63 companies, two of which are due to hit the stock exchange next year. One is Pulso Inmobiliario, which has built world-class developments for U.S. and international hotel chains in high-end Mexican destinations. "Recent reforms have enhanced this "Mexican moment" and we are ready to to take advantage of all opportunities," Kamkhaji says. "Corporativo Kamaji has been preparing itself for this, and now the time has come."

To complement Corporativo Kamaji's wide range of investor services, Serfimex Capital, the firm's financial and leasing subsidiary, matches entrepreneurs and small and medium enterprises to agile and preferred-rate loan deals.

QUINTANA ROO
Mayan Magic

The state of Quintana Roo offers visitors a wealth of natural, cultural, and historic treasures.

Roberto Borge Angulo, Governor of Quintana Roo

Quintana Roo is more than simply beaches, luxury resorts, sun, and sea. It is a major center of tourism in Mexico and one that contributes huge sums not only to government coffers in the form of foreign exchange inflows, but also to the country's reputation. Mexico's tourism sector is going through huge changes, and as part of President Enrique Peña Nieto's strategic national development plan, it will only become more important. Last year, total tourist arrivals rocketed to 19.3 million up to August, with air, land, and sea arrivals showing increases of 10.8%, 32.6% and 26.3%, respectively.

With an expected $8.2 billion of investment being plowed directly into tourism projects over the next three years by private companies, a figure more than matched by the government's plan to spend $23.3 billion on infrastructure throughout the economy, future growth in the sector looks like an investor's dream. And nowhere encapsulates the possibilities of that dream better than Quintana Roo, with its full-house of sun and beach tourism; cultural, eco, and adventure tourism; and health, sports, special interest, and luxury tourism. "The average occupancy rate of Quintana Roo in 2014 was 77.7%—8% higher than in 2013," Quintana Roo's governor, Roberto Borge Angulo, says.

Among the many delights is Cozumel, which at every turn offers something to explore or discover in its beautiful, natural, and surprisingly underdeveloped landscape. From archaeological sites at San Gervasio to the church that is being reclaimed by nature at El Cedral, the 1,800-year history of the island calls out to be discovered by the intrepid visitor. Niether is the offer limited to the way in which humans have changed the landscape either, with the magnificent Mesoamerican Reef on the doorstep—a place that teems with hundreds of species of tropical fish, including the queen angelfish and the elusive toadfish. With an abundance of frigate birds, brown pelicans, olivaceous cormorants, and others on land, if scuba-diving or and snorkeling do not appeal, the almost limitless activities Cozumel offers surely will.

Of course, we cannot talk about Quintana Roo without mentioning the world-famous destination of Cancún, a paradox of tourism with both wild nightlife for the young (and young at heart) contrasting with the region's many ecological theme parks. The lucky visitor to Riviera Maya's Xcaret eco park, for example, will be able to see nature as it is meant to be, and be able to relax in splendor, perhaps while taking a swim in the park's very own underground river or in one of its many calm sea inlets. There are water sports aplenty to keep the most active of visitors occupied and golf throughout the area if dry land appeals more.

And a trip to Cancún would not be complete without a spa visit, where a traditional Temazcal steam bath or a treatment with natural body wraps made with local plants and flowers will take you to seventh heaven.

> **"The occupancy rate of Quintana Roo in 2014 was 77.7%—8% higher than in 2013."**
>
> Roberto Borge Angulo, Governor of Quintana Roo

Playa del Carmen, right at the heart of Riviera Maya, is the region's shopping and dining destination, with its stylish beach clubs, private beaches, and the famous Quinta Avenida—Mexico's equivalent to Fifth Avenue—and the place to see and be seen. Quintana Roo perfectly encapsulates all that Mexico has to offer and more. A place of pure relaxation, and heavenly for investors looking to build a solid tourism business thanks to the big conglomerates that operate many of the hotels. The possibilities are almost limitless: from InterContinental Hotels Group, the second-largest hotel group in Mexico, which owns and operates the Presidente InterContinental Cancún, and its sister on Cozumel, to the superstar of the region, Apple Leisure Group.

Pure Luxury

Complete customization is the key to one hospitality group's industry reign.

All-inclusive luxury resorts are commonplace in the world's most spectacular sun and sand destinations. Very few hospitality companies, though, provide the distinctive touches that elevate the leisure experience from one-size-fits-all to a personalized paradise. And only one has the robust distribution network to meet guests' individual needs throughout the entire travel lifecycle. Apple Leisure Group (ALG) is comprised of four distribution companies: Apple Vacations, Travel Impressions, CheapCaribbean.com and Unlimited Vacation Club, plus AMResorts and destination management company, Amstar. Global synergies between the sister companies have made ALG the world's #1 provider of American leisure travelers to Mexico and the Caribbean.

CEO Alejandro Zozaya discusses how customization made Apple Leisure Group the king of luxury leisure travel, from Aruba to Mexico and everywhere in between: "As America's only vertically integrated travel company, we can accompany guests from the moment they book a vacation to the time they check out of the resort," Zozaya explains. "We use these multiple touch points to really get to know our customers and craft meaningful luxury experiences that resonate with travelers long after they return home."

Alejandro Zozaya
CEO of Apple Leisure Group®

As part of their effort to cater to upscale North American travelers the group launched AMResorts in 2001. "At a time when most luxury all-inclusive providers catered to the European market," says Zozaya, "we created a portfolio of high-end resort brands featuring familiar U.S. food and beverage brands in restaurants and U.S. television channels in the guest rooms."

AMResorts' signature *Unlimited-Luxury*® vacation experience completed the transformation. Offering everything from exquisite gastronomy to fine furnishings as standard, the concept not only revolutionized the industry, but it also earned AAA's coveted 4- and 5-Diamond Awards in the process. Today, AMResorts operates a rapidly expanding portfolio of 37 luxury all-inclusive resorts under six brands in Mexico, the Caribbean and Latin America. Another 23 resorts are in the pipeline, which will extend Apple Leisure Group's resort brand footprint to 23,412 rooms in 60 resorts throughout eight countries by 2019.

So what drives Apple Leisure Group to achieve so much success and yet aspire for more?

"North American travelers will always seek luxury accommodations offering authentic local experiences in unique destinations," says Zozaya. "Our unparalleled distribution network gives us the ability to be in those regions to deliver this and so much more."

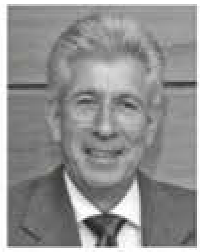
Building a Country

The “Mexican moment” sees local construction firms build a richer nation.

Since public-private partnerships were introduced in 2012, Mexico’s construction and infrastructure sectors have been running at full throttle, with megaprojects taking the country to new development heights across the board. From pivotal bridge, dam, interconnecting highway and expressway projects to airport terminals, container ports and a national broadband grid, Mexico has found a route to greater prosperity and an ease of business and tourism connectivity that small and medium enterprise owners and big-business people could only have dreamt about five years ago.

Local firms are rising to the challenge of the new business climate and embracing the immense opportunities that lie ahead. Take Coconal, a Mexican construction firm that provides services in heavy and industrial construction and power transmission sectors. Founded in 1950 and based in Mexico City, Coconal is part of a consortium that will operate the 78.9-kilometer Salamanca-León highway in Guanajuato state, under a 30-year concession contract, and Mexico City’s new airport, among many other works.

Its president, Héctor S. Ovalle Favela, told *Global Business* an inspiring story of how a natural businessman who shined shoes, delivered newspapers, and sold gum at a grocery store to earn pocket money came to be running an empire: “I was born in Gómez Palacio, Durango, where I went to high school, until I headed to Mexico City to study civil engineering at the National Polytechnic Institute. Fate led me to work at ICA for 25 years. I began as a project manager, the lowest position for an engineer in the company, and ended up as vice president and member of the board. After 25 years working in ICA, I decided it was time to leave the company, which coincided with the opportunity at Coconal, which was in a poor condition. A friend, who was the director and president of the company, invited me to work there. I refused at first, but then he asked me to be CEO and now I’ve been part of the company for 15 years. Coconal had a solid background, but its top executives were close to retirement, making it hard for the firm to adapt to the times. When I arrived, I decided to restructure everything starting from recruitment and personnel, creating internal rules and working arrangements, working long hours; we created a new order, reforming the company almost from scratch.”



Gerardo Ruiz Esparza
Minister of Communications and Transportation

The Ovalle touch has resulted in an 18-fold increase in Coconal’s fortunes. Today it invoices 5,500 million pesos, with most of the staff college graduates who adapt to challenges and are “people of results,” the company president explains: “The team is made up of 3,500 people. Some 250 of them are professionals, mainly civil engineers, and they hold shares in the company, which has given us very good results. Investing in our people is part of our advantage, so everybody is in a win-win situation. We also have a great environmental program—we recycle materials and use photocells on the roads and in our offices. The approved structural reforms means great opportunities. During the first year of the current government, our sales increased by 10%, and by 20% in the second year. We have major projects in store such as road infrastructure, Jalapa’s airport, freeways, and water treatment plants, and of course Mexico City’s new airport. The new airport will have a terminal building, three runways—two of them civilian and one military. A work of such magnitude can only be done through a consortium like ours, which provides the strength, work, and talent to finish on time.”

> **“Coconal is a great partner for companies that want to invest in the Mexican construction sector.”**
>
> Héctor S. Ovalle Favela, President, Coconal

Coconal stands as a great partner for companies that want to come and invest in Mexico’s construction sector, Ovalle adds: “For investments to generate profits, you must work directly with local companies. Costs negotiated in the market do not allow indirect

interest in projects: this can generate some profit but it would be minimal."

Meanwhile, using the technological expertise of civil engineers and a materials engineering laboratory to drive construction initiatives, PowerCem México leads the way in supplying products and the associated know-how, as well as providing sustainable and economic solutions for its customers.

Rolando Montero Casillas, the founding partner, chairman, and CEO, talks us through his rise with the company: "I was looking for something that would serve the construction market, and some contacts introduced me to the person who offered me PowerCem. I got the funding and started as a PowerCem Netherlands dealer in Mexico. It was not an easy task, because in order to achieve quality, we required testing, lab samples, PR work, and a lot of patience.

"Now, however, we are working to a Mexican standard, with offices in Colombia, Peru, Dominican Republic, and Guatemala, as well as being set to open in Brazil and the U.S. With PowerCem Netherlands we are like a family, but we operate differently. We will continue to import material from there, until the Mexico plant is 100% complete.

"PowerCem prides itself on building a particular system that is adaptable to any type of soil, and protecting the ecosystem from highly polluting material leaks, normally found in hydraulic concrete and asphalt. Our materials improve the properties of concrete and mortars, increasing durability by up to 100. We reuse waste products in order to achieve sustainable and environmentally friendly materials, creating solutions to transform highly contaminated soils

Héctor S. Ovalle Favela
President of Coconal

Arni S. Montemayor Pérez
Founding Partner and General Manager, PowerCem

Rolando Montero Casillas
Founding Partner, Chairman and CEO, PowerCem

suitable for building structures with pavement materials. We have 27 patents and a secret formula, which is the catalyst. No element in PowerCem is natural: everything is chemically altered. This system works at a nanotechnology level. The creator of this system has been nominated twice for the Nobel Prize in chemistry, which shows our quality and innovation."

What does the head of such a high-functioning and award-winning company hope to see happen within the next 10 years? "I would like us to be fully consolidated—a really strong company with a presence throughout the Americas," Montero says. "We already have all the international certifications for quality of processes and products, and a commitment to sustainability. Mexico offers great opportunities—structural changes that have opened the doors for people to achieve goals through hard work and to boost the country itself."

Logistics: The Key to Success

With its geographical position at the center of the Americas, Mexico is the leader for logistics serving the hemisphere and beyond.

With more than 15 years of experience in the logistics sector and a vast portfolio of 52 national and international clients, together with the most recognized global brands, NTA is the absolute leader when it comes to logistics services in the pharmaceutical industry.

As Rubén Vargas Loera, CEO of NTA Logistics, explains: “Our service platform offers a wide range of services that allows us to cover the most demanding requests of our clientele all across the nation. In fact, our average delivery time over the country is only 48 hours.”

A part of NTA’s success comes from its strategically located delivery centers in key cities such as Monterrey, Guadalajara, Tijuana, and Veracruz, allowing the company easy and efficient access to almost everywhere throughout Mexico, whereas other logistics firms struggle to meet market demands.

“Our fleet includes the most modern and sophisticated vehicles from regular trucks to refrigeration units, to dry and armored special units, all of which are GPS-equipped,” explains Vargas. “We are the first Mexican company with NORMEX certification, which means that we have some of the toughest security processes in the pharmaceutical industry; we have awards from airlines and the American Chamber of Commerce of Mexico, and we pride ourselves on being a socially responsible company.”

The company is currently undergoing an aggressive expansion process that includes building a 5,000-square-meter warehouse extension in the industrial park of Tres Ríos on the outskirts of Mexico City. “NTA Logistics’ growth has taken place at a rate of 30-40% annually,” he says, “and, thanks to the structural changes experienced in the country, which have generated a climate of trust and good prospects from investors, we look set to continue our expansion.”

Looking to expand upon the successes his businesses have had over the years, Eloy S. Vallina Lagüera, president of Grupo Chihuahua understands that it is vital to be close to both your customers and producers, which is why Chihuahua’s new San Jerónimo project is so exciting for the company.

Eloy S. Vallina Lagüera
President of Grupo Chihuahua

“We want to achieve a productive synergy in the border area and to stop being seens at as ‘the backyard’,” Vallina says, “thereby creating chains to boost competitiveness and productivity in industry as well as commercial development.”

Which plays well into the hands of another of the group’s businesses, Accel, the logistics specialist and local partner for outsourcing solutions for multinational corporations. By relying on state-of-the art infrastructure and technology alongside extensive experience in this dynamic market, and of course a highly qualified, trained and motivated staff, Accel is one of the major players in the sector. And as a front-runner, it is fully up to date regarding legislation in Mexico.

“It is a fact that structural reforms adopted by the government of Mexico are an incentive for investment, job creation, and economic growth,” Vallina explains. “ Many people expected to see the changes from the very first day that these reforms took place, when in fact it was only the beginning of the transformation of key economic sectors, such as the financial and energy sectors.

“We want to achieve a productive synergy...and to stop being seen as ‘the backyard’.”

Eloy S. Vallina Lagüera, President of Grupo Chihuahua

“We see in these changes the opportunities to develop and to promote our business, and we are always focused on job creation and growth throughout Mexican industry. I’m a realistic person and I firmly believe that we have the opportunity to reach significant growth by defining which areas have more potential.”

And, as the plans for San Jerónimo inevitably come together, Grupo Chihuahua will become a real cross-border titan in all sectors, with its second-to-none logistical support and infrastructure, and all elements of the group’s businesses behind it.

For instance, Chihuahua has a very strong aerospace industry, and over the last 10 years the state has been the most prolific investor in that specific field in Mexico.

“Therefore, if San Jerónimo eventually specializes in the aerospace industry, or we build a cluster for the sector, it will also boost the kind of development we are looking for for this project,” Vallina says.

Renewable energy sources will power the new smart city.

Businesses can tap into a wide logistics network for easy transit and communications.

The Americas' Smartest City

Technologically ahead, 100%-sustainable and superbly connected, San Jerónimo is fast-becoming the most interesting city in the Americas.

Spanning 47,000 acres, San Jerónimo is a land reserve with all the characteristics of a new Mexican city; an ambitious urban development located on the U.S.-Mexico border that will positively impact both countries and give rise to new opportunities in global trading.

A Land Master Corporation, San Jerónimo will set the foundation for the sustainable development of a new Mexican city, providing an economic, social and environmental balance for those who do business and live there.

Located at the center of the U.S. border, next to the state of New Mexico, the awe-inspiring Chihuahua-based development is well positioned for global business connections, providing commercial opportunities that are aimed at serving one of the largest markets in the world. Conceived as a sustainable platform for development, fostering industrial activity, job creation and attracting residents in an environmental setting, San Jerónimo allows the creation of diverse business connections in a second-to-none location.

As well as having fluid communication links with the main U.S. seaports, such as Long Beach and Galveston, and Mazatlan and Guaymas in Mexico, San Jerónimo is also close to three international airports and intermodal station that will create easy business synergies. What's more, the developers have ensured there is land available for long-term growth and further expansion will come under the management of a single entity to ensure adequate controls are put in place.

This innovative model will fuel competitiveness, provide a greater productivity platform and ultimately generate higher quality of life standards for its inhabitants.

The Smart City Model

- Focused on sustainability and energy savings.
- An energy efficient city.
- Ideal location for High Technology Centers and Laboratories.
- Platform for Advanced Health Centers.
- Spaces for Large Commercial Complexes.
- Traffic System Roads.
- Industrial Areas designed to manufacture equipment and manage renewable energies.
- Urban zones suitable for installing and testing new technologies for the efficient use of resources.
- Housing zones planned for harmonious co-existence.
- State-of-the-art technology to maximize communications and entertainment.

Worldwide Planning and Urbanism Standards

For the first stage, land will be divided by purpose, as follows:

- 2,223 acres for industry;
- 741 acres for commercial development;
- 2,965 acres for housing;
- 593 acres for services and equipment;
- 518 acres for industrial use with access to railroad infrastructure;
- 667 acres for highways, and
- 939 acres of green areas.

The Design Standards Platform for San Jerónimo, for Industrial, Commercial, Housing and Green Area Development, is based on international Smart Growth new urbanism concepts and can be adapted to new trends in development and technology. It is, in fact, a platform on which similar Smart Growth cities can build in the future. The aim of the project is to achieve synergies in the border region, to enhance the area and create links between the U.S. and Mexico to boost the competitiveness and productivity of the industrial and commercial sectors.

From the word go, the project took ecological and environmental concerns into account, encouraging actions to preserve the natural state of the area, meaning eco-friendly technologies will be implemented throughout the project, as well as energy-efficient sources.

Meanwhile, natural resources will be saved and smart-used, such as water, its recovery and its reuse, also preserving areas with native vegetation through enhancement programs and improving green areas.

San Jerónimo
The Most Interesting City in the Americas

contact@sanjeronimo.com
www.sanjeronimo.com

Fueling Safer Investments

Government reforms are driving both industry and safety standards even higher.

Family firms are also making their mark on Mexico's new business landscape. Hidrosina, for example, now in its 23rd year of operation, is a 100% family-owned business operating a string of gas stations around the country, as Paul Karam Kassab, director general of Hidrosina, confirms:

"Pemex performed a divestiture of some companies, including Codex; we acquired a network of 30 gas service stations and started the expansion of the company. This year will close with 185 operating stations.

"For more than 20 years, Hidrosina has based its development on three pillars: human resources, technology, and service. All processes, from accounting to customer service, are certified from 10 years ago by the ISO 9000 standard. With the energy reform put in place by Mexican businesspeople in the oil sector and its derivatives, we have an historic opportunity to venture into business lines that were inaccessible in the past. Investment is welcomed from both Mexican companies and foreign investors, because the country has been fair and has always received both foreign and domestic investment with open arms, as it is the driving force for any country.

"I cannot understand how some people see this reform as something negative. It creates investment opportunities and the possibility of earning money for the country and of generating formal jobs."

Karam Kassab is quick to dispel any myths investors may have about the safety of an investment in the country.

"Mexico provides the certainty needed; that is very clear," he says. "That doesn't mean that we are not without some risk isolation, however. There are some red flags that may appear to destabilize the institutions and structure of the country but they are not significant enough to have Mexico seen as a risky country. We are one of the largest companies in the country in the field of fuel distribution. We operate in 26 Mexican states and have never had a security problem that puts our investment in danger."

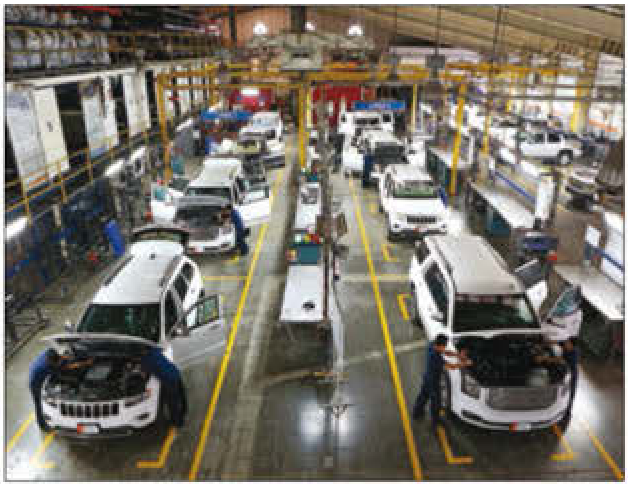

Enrique H. Herrera M.
CEO, TPS Armoring

Accelerating Ahead

To avert any issues in the future, Karam Kassab is keen for Hidrosina to become a linear business.

"Thanks to the openings allowed by the energy reform, we can have storage terminals that are exclusive to the government and our own distribution lines, not only for our own stations but to supply small fuel distributors who do not have the infrastructure that we count on," he says. "The secret to the future of the gas station industry is to have the most competitive price. We're confident that Pemex, as a Mexican company par excellence, will continue to have the strength to push the fuel sector in our country. The fuel sector has sustained growth of 4% with open opportunities."

This year, with Pemex and the Ministry of Finance due to free up gasoline pricing, Hidrosina pledges to keep within competitive rates: "Even though prices may fall," says Karam Kassab, "we are very clear where we're going and our goal is to keep improving our service. In 10 years I see a completely linear Hidrosina business, with storage terminals and the largest fuel distribution chain in the country, giving service to a little over 15% market share. Being the head of a family business, I would like to be seen as a pioneer in my



TPS Armoring plant www.tps.com.mx

country, leading a healthy, balanced company, and I want our next generation to do even more. I would like to be remembered as a successful Mexican businessman who took advantage of the challenges that my country gave me."

Greasing the Wheels of Industry

Antonio Nacif Kuri is another self-made Mexican man, who, fresh from university in the U.S., joined the ranks of industry giant Galas de México. Now director general of Galas-Janel, Nacif Kuri told *Global Business* of his vision for his firm and for Mexico: "The deal was closed in 2003 and we formed a group of vertically integrated companies, dedicated to the conversion of raw materials into finished products. The first challenge I faced was being a young man responsible for leading such a group, fighting to have my decisions taken seriously while gaining respect from competitors. Another important challenge was the integration of different companies, homogenizing their cultures and work processes. It took us a long time to do it, but luckily we did a great job.

"We manage two business lines: industrial and commercial, with a catalog of over 20,000 products. On the industrial side, we create packing goods, such as beer-bottle labels, sliced bread packaging, and coffee labels, and we also provide our clients with packing tape. The commercial side of the company is divided into three business lines: decoration, adhesive tape, and Christmas ornaments. Each business line is done separately so we don't subsidize operations and we get better results. I believe we are at a crucial point in Mexico, and we are having a moment that business must seize. The economic growth that these reforms can give has been slow because we need middle-class consumers in Mexico. Mexico is a potential exportation country, so we need a strong manufacturing base. We need the internal market to develop, so we can reactivate domestic consumption and provide access to credit."

Antonio Nacif Kuri
General Manager
Galas-Janel

Personal insecurity and violence have long been an unfair attribute allocated to Mexico. While in certain and very specific areas of the country incidents do occur, Mexico as a whole is a safe country. Nevertheless, for the most demanding business travelers, TPS Armoring provides a large and personalized variety of security services. TPS is the absolute leader in the sector with a wide range of international clients and a number of the strictest European and North American certifications. With a fully equipped plant of 5,500 square meters, a yearly capacity of 540 vehicles and more than 20 years in the business, TPS offers sales, leasing, transportation, and maintenance of armored vehicles with unrivaled efficacy in comfort, security, and luxury.

"We offer national coverage through our service centers."

Enrique H. Herrera M., CEO, TPS Armoring

"We also rent vehicles with and without armor for the transportation of government officials, politicians, diplomats, and high-level executives who travel to other cities to fulfill responsibilities and require this service," explains TPS Armoring CEO Enrique H. Herrera Martínez. Committed to high trust and a professional service, TPS offers 24/7 assistance that accompanies the client at all times anywhere in Mexico. Specialized and personalized post-sales service are a trademark of the company. "We offer national coverage through service centers in Monterrey, Guadalajara, and Mexico City, as well as 12 mobile units, which guarantee a response within 24 hours."●

Modern Master's

The latest wave of graduate business programs provides for increased flexibility, creativity, and innovation.

A **GRADUATE** education in business is a gift that keeps on giving. That was the message in a recent study by the Graduate Management Admission Council (GMAC), a nonprofit organization representing business schools throughout the country.

The study, which polled business school recruiters for 565 companies, revealed that grads earn average base salaries that are almost double those of undergraduates who hold only bachelor's degrees. The study showed that the projected median U.S. base salary for MBAs in 2014 was $95,000, compared with a median annual salary of $50,000 for bachelor's degree recipients. And the compensation boost continues throughout an individual's lifetime.

But it's not just the prospect of fatter paychecks that is attracting students to MBA programs these days. So are a host of new programs that allow for higher levels of flexibility, creativity, and innovation in business education.

Throughout the country, graduate schools are offering choices that range from exclusively online programs to weekend MBAs, and they often combine programs in two disciplines—public policy and legal affairs, for example—into joint degree programs. At some institutions, humanitarian fieldwork programs allow students the option of studying in developing countries, where their job is to do well by doing good.

"There's a need for options in the business school arena that are tailored to modern-day MBA candidates, including top executives," says David M. Smith, dean of the Graziadio School of Business and Management at Pepperdine University. "MBA programs that provide something exclusive to these individuals offer the greatest return on investment by enabling them to augment their real-world experience with theory and direct application to expand business opportunities."

At Pepperdine, a unique twist on the executive MBA is the Presidents and Key Executives MBA, one of the only programs in the world geared specifically to senior executives. The program is designed for presidents and C-level executives charged with strategic decision-making and driving bottom-line results. Classes are structured in an intimate boardroom setting where top-level peers exchange ideas and problem-solve as a group.

For students whose schedules require more elasticity, online MBA programs that can be completed largely on a student's own time are proliferating.

Temple University's Fox School of Business prides itself

> For students whose schedules require more elasticity, online MBA programs that can be completed on a student's own time are proliferating.

on its complete classroom experience to those outside the classroom. The program begins with a weeklong residency for networking, professional development, and team building.

Once the online-only portion of the program begins, students can access the Fox School Video Vault, which has more than 1,500 academic videos produced by Fox faculty, with a searchable archive and HD-quality, mobile-friendly transcribed videos. The program is based on a flexible curriculum and uses a "flipped" classroom approach—a 24/7 on-demand format that allows students to learn content at their pace and collaborate with peers and professors digitally. Then, in an integrated, synchronous online classroom setting, they are able to put into practice what they have learned.

"The Fox Online MBA is ranked No. 1 in the nation by *U.S. News & World Report*, and for good reason," says Dr. Darin Kapanjie, academic director of Fox's Online MBA program. "While other online programs may rely on third-party providers for program delivery, the advantage of our program lies in providing the same academic experience, faculty access, and student support as any other program on campus. We have invested in the resources necessary to deliver a top-notch learning environment that fosters collaboration and community, with academic excellence at our core."

Some MBA programs are especially attuned to the needs of particular demographic groups. Georgia Southern University's Online MBA program is known as one of the most friendly for members of the military, who often must complete their studies while serving on active duty or when deployed overseas. The university has a host of supports in place for military members and their families, including its Military Resource Center, and access to a veterans affairs coordinator.

In all of Georgia Southern's programs, says Allen C. Amason, dean of the College of Business Administration, "we focus on practicality and impact. We invest in our students and inspire them with a result-oriented, can-do attitude that differentiates them in the marketplace. Naturally, they will be competent and well trained, but that's just a start. What we add is an energy and work ethic that gives them an edge."

One factor that gives Colorado State University's graduate program an edge is its customizable format. CSU's College of Business offers six graduate-level certificate programs—in accounting ethics and auditing, applied finance, business information systems, business intelligence, information technology project management, and marketing management—

"Schools are looking for a chance to leverage their strengths and to provide something unique to the marketplace."

—**DAVID M. SMITH,** *dean of the Graziadio School of Business and Management, Pepperdine University*

that can be added to an existing MBA degree or applied to one in progress.

The courses, often taught online by College of Business professors, provide targeted, industry-specific knowledge. For example, the business information systems certificate targets those who work with information technology departments, have clients or customers in technology fields, or want a broad introduction to information systems. The applied finance certificate is designed for individuals interested in gaining a broader knowledge about advanced corporate finance, international finance, and financial institutions and credit markets. The marketing certificate program is aimed at those interested in marketing strategy execution and the applications of marketing in a business environment.

What kind of results are these modern graduate programs yielding? A second GMAC survey, which polled 12,000 former MBA students, suggests that in addition to earning more, B-school graduate students climb to the executive ranks and give high marks to the value of their education in driving their professional success. With an increasing number of innovative graduate business programs available, the gift that gives back now promises to give back even more.

From Saturday's Classroom to Monday's Boardroom

The Presidents & Key Executives MBA

The first and only MBA program specifically designed for C-level and senior business executives charged with strategic decision-making and driving bottom line results.

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- An executive "boardroom" cohort
- Dedicated faculty and advisors to your class
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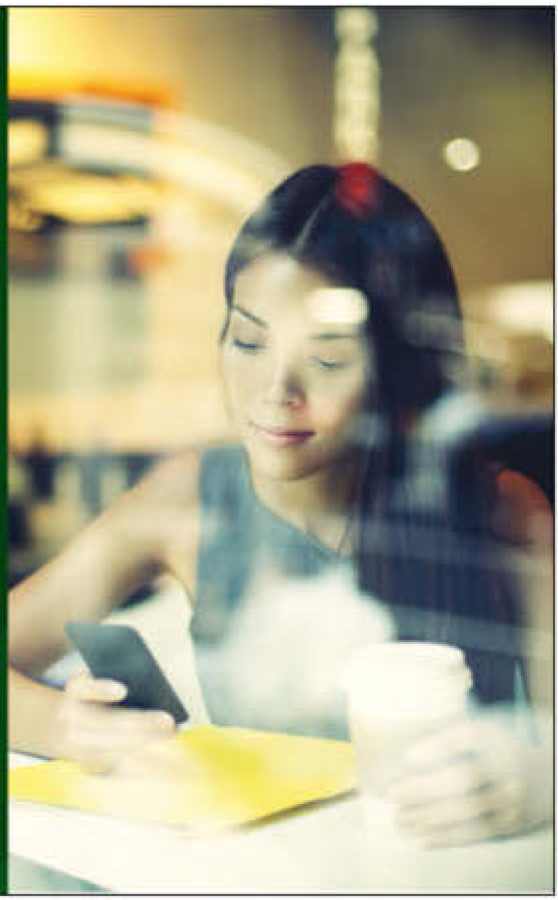


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When the financial crisis hit in 2008, Christopher Fricker was 15. But he didn't just ask questions; he sought to answer them. Years later as a Temple freshman, he stocked fruits and vegetables every weekend so he could work for a senior U.S. senator every week. He's experienced Wall Street and a Fortune® 500, all while staying levelheaded and quick on his feet. Your company would be lucky to have a powerhouse like him.
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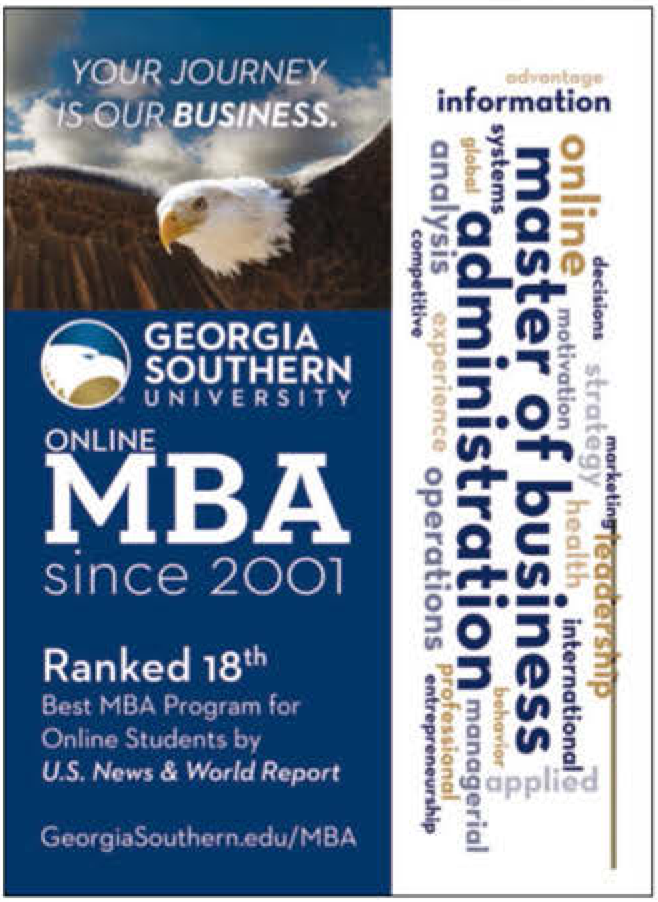

Education Directory

Colorado State University CSUbusinessCertificates.com

NYU Stern School Of Business emba.stern.nyu.edu

Georgia Southern University GeorgiaSouthern.edu/MBA

Pepperdine bschool.pepperdine.edu

Temple University TEMPLE.EDU/TAKECHARGE

University of South Dakota usd.edu/online

FRANCHISING'S BIG BOOM

DEMOGRAPHIC TRENDS AND A NASCENT ECONOMIC RECOVERY ARE FUELING THE INDUSTRY'S GROWTH.

FRANCHISING IS MOVING FORWARD at the speed of sound.

Just ask Bob Franke, an executive at fast-food drive-in franchisor Sonic. "We're moving forward with exponential growth in the USA," he says of the Sonic boom. "Sonic's national marketing allows all Americans to know Sonic, even if they've never been to one of our drive-ins."

But Franke isn't the only one reveling in the growth of franchising.

Throughout the country, and across market segments, franchising is expected to grow faster than the rest of the U.S. economy for the fifth straight year. The "Franchise Business Economic Outlook for 2015," published by the International Franchise Association (IFA) Educational Foundation and IHS Economics, projects that franchise businesses will add 247,000 new jobs this year, a 2.9% increase over last year.

"Franchising is an American success story," noted IFA president and CEO Steve Caldeira earlier this year. "Independently owned and operated local franchise businesses are growing faster, creating more jobs at a quicker pace, and producing higher sales growth than other businesses."

BABY BOOMERS WHO ARE RETIRING ARE DRAWN TO FRANCHISING AS A WAY TO BE THEIR OWN BOSS AND FUND THEIR RETIREMENT.

—THE ENTREPRENEUR'S SOURCE

What's driving the franchising train? One factor is the nascent economic recovery. A gradual loosening of credit for potential franchisors and more spending power for customers is boosting the industry. Shifting demographics has also played a role. According to the Entrepreneur's Source, a career and franchise business coaching network, baby boomers who are retiring are drawn to franchising as a way to be their own boss and fund their retirement. Millennials, on the other hand, are looking to franchising as a way to leave behind what has been a decidedly inhospitable job market.

One franchisor that appeals to both groups is Sonic, famous for its 1950s-style drive-ins complete with carhops and milkshakes. Last year, Sonic announced a goal of opening 1,000 Sonic franchises in the next 10 years, growing the operation by nearly 30%.

The company also is adding high-tech digital screens to drive-in stalls. The content on the screens promotes specific products, suggests add-ons to each order, and introduces new products.

Orangetheory Fitness, a Florida-based fitness franchise, also appeals to a diverse demographic. The company's high-energy interval training workout is based on individuals' target heart rates and can be tailored to people of any age or of any level of conditioning. CEO Dave Long says the program has helped hundreds of thousands meet their fitness goals since the brand debuted in 2010.

In some cases, it is new technology that drives a franchise's success. Top Ten Percent, a digital buyers' cooperative founded by entrepreneur and CEO Jerry Clum, is a business built to capitalize on mobile marketing. Billed as "the world's first virtual

on-command coupon service," it allows customers to access coupons from their smartphones for redemption at top-rated local businesses.

Unlike "deal of the day" websites, Top Ten Percent does not require consumers to clip or print coupons and remember to bring them to a business. Instead, they simply use their phones to search out the businesses—and discounts—that they need. Each business is nominated by its customers and must pass the company's rigorous review process before being enrolled as a Top Ten Percent business.

The list only contains the top 10% of businesses in their respective industries. Businesses pay about $150 per month for membership, while the service is free for consumers.

Our Town America built its business 43 years ago on a unique type of marketing—allowing local businesses such as restaurants, salons, and auto repair shops to target recently relocated families with free housewarming offers.

In the food and beverage category, it's often ingredients and branding that set franchises apart. Bruster's, an ice cream franchise based in Bridgewater, Pa., prides itself on making all of its ice cream fresh in each store. The method prevents ice crystal formation and yields a better-tasting product. Baristas, "Seattle's world famous costume coffee," serves the highest-quality espresso and food by attractive female baristas dressed in alluring costumes at its drive-thru shops across the country.

Beyond their products and services, successful franchises require strong leadership and a defined mission. Those are elements CEO Dzana Homan works hard to foster at the School of Rock, the Chicago-based music education company. School of Rock takes a three-pronged approach to its mission, embodying the qualities of being an excellent educator, entertainment company, and franchisor.

Franchises employ more than 3,000 master artists, and those enrolled are trained on piano and keyboards, guitar, bass, vocals, and drums. School of Rock's reach also extends into communities—locals are invited to rock out at 2,000+ performances annually. "We're an experiential brand," says Homan. "We go the extra mile to provide everyone who comes through our doors with a great experience." And that, in the end, is ultimately key to any franchise's success.

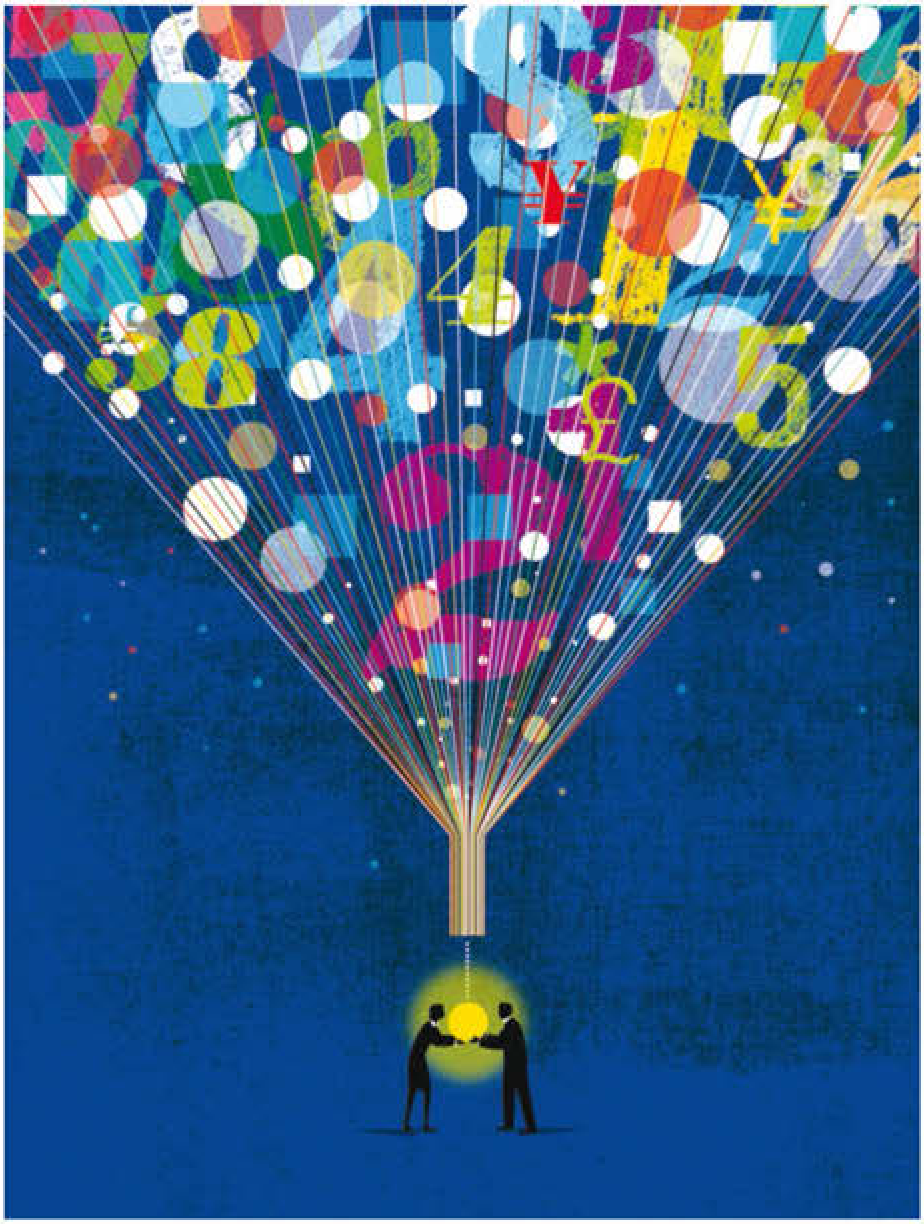

ILLUSTRATION BY MICHAEL AUSTIN, THEISPOT.COM

The Next Big Thing?

Mobile Ad Spending Will Climb to $100 Billion annually in 2016.

What do you do after you started one of the fastest growing and most successful franchise systems in the country? Well if you're Jerry Clum you start another one. Clum's first franchise concept was in the senior care industry. Virtually overnight it grew to over 700 franchised locations in 46 states and seven countries with annual revenues of $350 million. You may think that such an accomplishment might be hard to top, but not Clum. According to Clum, "It's just a simple matter of demographics." Often new companies create a product or service and then try to find a market for it. Clum credits his successes to finding a potential market first and then creating a product or service to serve that market. For example, he started the senior care franchise just before the first wave of Baby Boomers became senior citizens. What's Clum's secret ingredient for success? ***"Set the trend, don't follow it."***

So what's his next big thing?

That would be **Top Ten Percent®**. TTP franchisees harness the power of mobile marketing to instantly connect consumers to product and service discounts from top-rated businesses. Consumers nominate businesses and franchisees evaluate them to select those that qualify as TTP Award Winners. The consumer's free membership allows them to Buy From The Best For Less™ by instantly producing Virtual On-Command Coupons on their mobile devices to redeem savings from best-in-class businesses in over 300 categories. Businesses pay franchisees a nominal, monthly membership fee to benefit from the recognition they receive from their TTP endorsement and to be "digitally" connected to thousands of loyal, local, repeat buyers at a feasible discount price point.

While the TTP model has a wide range of consumer users from 13 to 74 years of age, the driving force behind the concept once again comes down to demographics. When Clum created the concept in 2012, he recognized that the U.S was on the leading edge of another huge demographic shift. For the first time in nearly 70 years, the Boomers were to be overtaken in their top spot as the most populous generation and replaced by the Millennials. This very tech savvy generation was weaned on video games and computers. They have been bombarded by branding messages since birth. Traditional interruption based advertising just isn't effective for this group. They are, however, "digitally connected." They're spending an average of 120-150 hours per month engaged with their mobile devices.

(Continued on the next page)

Jerry Clum, Founder/CEO
"Set the Trend, Don't Follow It."

Jerry Clum is the Founder & CEO of Top Ten Percent®. He has a diverse 18-year career in franchising. In addition to starting multiple franchise systems, he served as a consultant to other franchisors, has been a successful franchisee of 11 franchises, authored the book "Zero to $100 Million in Five Years," served on the Franchisor Forum of the IFA, was named as E&Y Entrepreneur of the Year™ in 2004 and inducted into the Entrepreneur Hall of Fame. He holds a BS in Marketing and his MBA.

TopTenPercentFranchise.com

(Continued from the previous page)

So why consider a TTP franchise? TTP is the pioneer in franchising within the Mobile Marketing industry. Even though mobile marketing is still in its infancy, mobile ad spending has already surpassed $68 billion annually. It's projected to reach $100 billion by 2016, an incredible 400% increase from 2013. Also in 2016, mobile ad spending is expected to take over the top spot in global ad spending from the current king of all advertising, television.

Smart device adoption is growing faster than any consumer technology in history. It's growing ten times faster than the computer boom of the 1980s, and three times faster than the Internet boom of the 1990's. Unfortunately, many small businesses have found it challenging to profitably engage consumers via a mobile platform. TTP is the first company of its kind to create an effective strategy to monetize mobile marketing for small businesses.

There are numerous advantages to owning a TTP Franchise. It is a home-based business with flexible hours, low start-up costs, minimal staffing requirements, a low monthly overhead, high margins and is based on a recurring revenue model.

TOP TEN PERCENT
BUY FROM THE BEST FOR LESS

For more information visit TopTenPercentFranchise.com or call toll-free at (855) 699-1010 Ext. 105 and ask for Joe Ciamacco, Franchise Development Consultant

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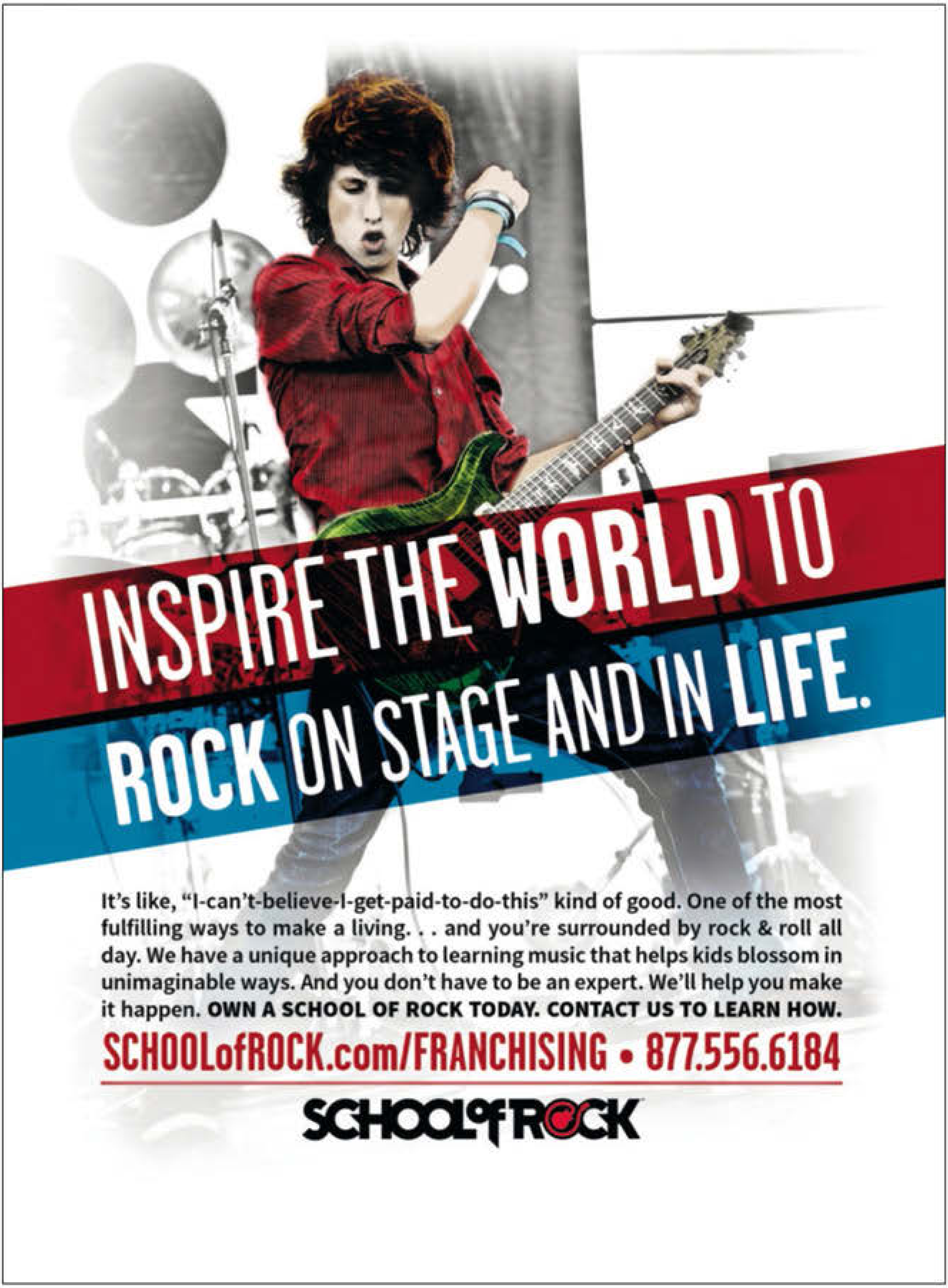
* This article is not an offering. An offering can only be made by prospectus filed first with the Dept. of Law of the State of New York. Such filing does not constitute approval by the Dept. of Law. Minnesota Registration #F-7413. TTP Franchises in 49 states except CA.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AWARDED THE QSR DIGITAL BRAND OF THE YEAR, 2014

How Well Do You Know Your Fortune *500?*

By Stanley Bing

1 Looking at the great *Fortune* 500, we realize that the relationship between a company's profitability and its stock price …

a. Is primarily driven by its year-to-year EPS growth.
b. Is a function of the buzz it generates at key industry events like Davos, Sun Valley, and the Hamptons softball game.
c. Is often driven by the dental work and hairstyle of its CEO.
d. Is tenuous at best.

2 The measure of success for these organizational titans of commerce is clearly …

a. Revenue in relation to other companies.
b. The market value of the enterprise.
c. The profits it can squeeze out of each employee.
d. The number of tweets generated per earnings call.

3 Netflix, of course, is quite justifiably the pride of the business cosmos. It is also smaller in both revenue and profits than …

a. Clorox.
b. Tractor Supply.
c. Something called PulteGroup.
d. All of the above, but it doesn't matter.

4 The most surprising thing about the great and towering edifice of Amazon (both Prime and Sub-Prime) is …

a. It is the 29th-largest and the 13th-fastest-growing company over the past five years.
b. It is perched to annihilate the publishing business, the retail clothing business, the home electronics business, local grocers, and the big-box store, and it's only just begun to live.
c. It can deliver a fresh cucumber to your door in record time and knows when you're out of shampoo.
d. It lost $241 million last year (which is still better by more than $100 million than Carl Icahn's operation, FYI and BTW).

5 The industry segments that have the most representatives on the list are gas and electric utilities (24 companies), nonapparel specialty retailers (23), and insurance-related firms (40). That is because …

a. Competition is alive and well in those key industries.
b. Some sectors such as advertising, beverages, and tobacco are clearly overly concentrated, with a few greedy behemoths controlling far too much market share.
c. I'm getting tired of all this data. There's far too much data around, and we don't know what to do with most of it.
d. The insurance guys have the entire game completely worked out.

6 An inspirational quote: "We are trying to create a meritocracy where you can start somewhere and end up just as high as your hard work and your capacity will enable you to go." Who said it?

a. Novelist and social visionary Horatio Alger in his famous book *Rags to Riches*, which defined the American dream for generations of strivers.
b. George Soros, on his rumored plan to establish a socialist utopia in the former Soviet Union.
c. Either Rand Paul or Carly Fiorina.
d. Walmart CEO Doug McMillon, in a recent interview with the AP.

7 Who are Rex Tillerson, John Watson, Greg Garland, Mark Fields, and Larry Merloy?

a. I don't know.
b. SEC commissioners.
c. The offensive line of the Chicago Bears.
d. The CEOs of five of the top 10 companies by revenue on the *Fortune* 500.

Place the following in the order of reported 2014 base compensation, not including stock grants and bonuses, perks, etc.:

a. Mark Zuckerberg, Sergey Brin, Larry Page
b. Steven Cohen, hedge fund manager
c. Tim Cook, CEO, Apple
d. Barack Obama, President of U.S.
e. Justin Bieber, pop star
f. Mechanical engineer, Ford Motor
g. CVS employee's median income
h. U.S. median wage

Answers: Steven Cohen ($2 billion); Justin Bieber ($80 million); Tim Cook ($1.4 million); Barack Obama ($400,000); mechanical engineer, Ford Motor ($65,000); U.S. median wage ($46,400); CVS employee ($28,000); Mark Zuckerberg, Sergey Brin, and Larry Page ($1)

BONUS: Make a list of investors who benefit from the activism of activist investors other than the activist investor himself. Take your time.

Scoring: If you still think this is a rational game, you lose.

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